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Commission on, 1937.

(ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS)

REPORT OF HEARINGS

[Alberfa]

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EDMONTON, ALBERTA, MARCH 31, 1938

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ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

EDMONTON, ALBERTA, MARCH 31, 1938

The Royal Commission appointed to re-examine the economic and financial basis of Confederation and the distribution of legislative powers in the light of the economic and social developments of the last seventy years, met at the Court House, Edmonton, Alberta, on Thursday, March 31, 1938, at 10.30 a.m.

PRESENT:

HON. CHIEF JUSTICE NEWTON W. ROWELL....CHAIRMAN

DR. JOSEPH SIROIS)	
JOHN W. BAFOE, Esq.)	
DR. ROBERT ALEXANDER MacKAY)	Commissioners
PROFESSOR HENRY FORBES ANGUS)	

COMMISSION COUNSEL:

James McGregor Stewart, Esq., K.C.

SECRETARIAT:

Adjutor Savard, Esq.	Acting Secretary
R. M. Fowler, Esq.	Legal Secretary to the
	Chairman of the Commission
Wilfrid Eggleston, Esq.	Assistant to the
	Secretary

FOR THE COLLEGE OF PHYSICIANS AND SURGEONS

OF ALBERTA:

Dr. A. E. Archer Representative

FOR THE PROTECTIVE COMMITTEE OF PRIVATE HOLDERS

OF ALBERTA SAVINGS CERTIFICATES AND BONDS:

R. D. Tighe, Esq., K.C. President

FOR THE CALGARY BOARD OF TRADE:

Mr. C. B. Clark Representative

ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

EDMONTON, ALBERTA, MARCH 31, 1938

FOR THE TAXPAYERS PROTECTIVE ASSOCIATIONS

OF ALBERTA:

J. S. McCallum, Esq.	President of the Edmonton Branch
Dr. G. J. Hope	Vice-President of the Edmonton Branch
F. W. Race, Esq.	Secretary of the Edmonton Branch
C. E. Cariepy, Esq.	Chairman of the Edmonton Branch

FOR THE REAL PROPERTY OWNERS' ASSOCIATION

OF CALGARY:

H. A. Howard, Esq.	Representative
--------------------	----------------

FOR THE CANADIAN CHAMBER OF AGRICULTURE:

D. H. Milliken, K. C.	of Regina
Dr. F. A. Wyatt	Professor of Soils, University of Alberta.

Court House,
Edmonton, Alta.,
March 31, 1938.

MORNING SESSION

The Commission resumed at 10.30 a. m.

THE CHAIRMAN: The first brief this morning is that of the Council of the College of Physicians and Surgeons of Alberta. You might just give the names of your associates, Dr. Archer, so that it will be on the record.

DR. A. E. ARCHER: There are associated with me this morning Dr. W. A. Wilson of Edmonton who is president of the College of Physicians and Surgeons and Dr. George R. Johnson of Calgary, the Registrar, and Mr. W. G. Hunt, the associate registrar, and Dr. Routley the secretary of the Canadian Medical Association.

We are appearing this morning, sir, on behalf of the College of Physicians and Surgeons of Alberta, but we wish at this time to associate ourselves entirely with the submission which has already been placed before you by the Canadian Medical Association. The College of Physicians and Surgeons includes all of the Alberta registrants and according to our present arrangement with the Canadian Medical Association, all of the Alberta registrants have the privilege of membership in the Canadian Medical Association. So it is simply a matter of terminology that we are appearing as representing the College of Physicians and Surgeons of this province.

COMMISSIONER SIROIS: Pardon me, Doctor, there are two briefs I think. One dated December 8th and the other one dated March 3rd.

DR. ARCHER: They are both included. That should have been called a supplement rather than a separate submission. I would like to apologize a little for the

fact that these were not included in one. The time at our disposal was not great in preparing for this. We had expected this commission to sit here early in January and when they did not come at that time we took the advantage of submitting certain phases of the problem here in this province which we did not feel at liberty to include at that time.

The question may be in your mind as to why the College of Physicians and Surgeons sees fit to say anything when the Canadian Medical Association has already spoken. There are certain phases of the problem of the practice of medicine in this province which are somewhat different from those in other provinces of Canada. There are certain other provincial situations which have arisen which made us think that it would be wise for us to speak to you on behalf of the profession within this province. The British North America Act in its inception and when it was set up had very little to say comparatively on the subject of health. That was quite natural probably. Health was very much of an individual problem at that time, that is, the maintenance of Health and the treatment of disease. There were no large organizations functioning at that time. In that Act certain federal responsibilities were named and certain provincial responsibilities were named but, it was not very clear, and it was not all-inclusive by a very great deal. As you are aware, the federal responsibilities were limited or were stated to include certain things which I will not enumerate in full, but marine hospitals and quarantine and statistics were the things which had the prominent position. With regard to the provincial responsibilities, hospitals and certain charitable institutions were named. Medical care was not mentioned. There was no mention of public health as such and there were great gaps which had to be interpreted as the years

went on as to where certain responsibilities lay, whether with the Dominion or with the province.

The principle, I think, has been accepted that where things were not specifically mentioned in the B.N.A. Act it was assumed that that responsibility remained with the Dominion and out of that certain developments occurred.

The manner in which the field of responsibility gradually came to be delimited and made more clear depended upon two facts, apparently. One was the direction given in the Act and the other was the facing of certain needs as they arose; and of the two, I would think that the latter was the greatest determining factor.

As need arose, the changes that went on in the intricacies of the maintenance of public health during the years, somebody had to take certain responsibilities.

In order that we may have before us a little more clearly this morning the tremendous changes which have occurred in this matter, I would like to direct your attention to an historic note which we have introduced in our submission here, which sought to give a slight picture of the condition that existed at the time of Confederation. Inasmuch as this is included also in the brief of the Canadian Medical Association I do not intend to more than just suggest that it is necessary to remember, in order to realize what tremendous changes have occurred, There was no organized public health at that time. There was no science of preventive medicine. The bacterial nature of disease had not yet been discovered even by the scientific world, the men who were putting the most time on it, and much less thought of by the people throughout the country. All of the implications and the developments which followed these very revolutionary discoveries have come during the period which has considerably followed Confederation. It was probably

twenty years after Confederation before Lister's work, following on the work of Pasteur, so revolutionized the whole view which we had to hold with regard to disease.

That worked out in this way, that whereas hospitals at the time of Confederation were little more than boarding houses for the care of the sick, they became very complicated, highly organized and constantly developing institutions of a very intricate nature. And, whereas the average cost of the maintenance of hospitals at the time of Confederation was possibly around seventy-five cents per day, it has developed until the costs run across Canada from \$3.00 to \$5.00 per patient per day depending on the type of institution, the type of service rendered and upon certain local conditions as well.

I think it is safe to say that our knowledge of the nature of health and disease and of the things that were necessary to deal with disease has altered more in the last forty years than in the previous five hundred years.

I realize that probably every group that has appeared before you has stressed the fact that there have been great changes since Confederation, but I think it is safe to say without, perhaps, fear of contradiction that in no field have changes been more tremendous and revolutionary than in the field of scientific medicine.

When we look at the way in which responsibilities develop, provincial responsibility under the B.N.A. Act was made definite for hospitals. On page 2 of our brief we mention the particular clause which refers to the hospitals and institutions which were made the responsibilities of the provinces. But, I would like to draw to your attention the fact that the provinces did not fully take this responsibility, it was left to them and, as far as I know, almost entirely, with the exception of marine hospitals, the federal government has not invaded the field or has

assisted in the establishment of hospitals. But, the provincial governments did not establish hospitals. Almost entirely the establishment of hospitals, by that I mean the building of hospitals, has been done by private organizations and church organizations and other charitable organizations and municipalities all across our country. The type of hospital which has developed in each province has varied considerably.

In this province there is a type of hospital, the rural municipal hospital, which was set up definitely as a result of provincial legislation. Certain municipalities were given the authority to do certain things in their area, and out of their revenue, raised by taxation, to build and operate hospitals.

THE CHAIRMAN: Are there many of those municipal hospitals established in this province?

DR. ARCHER: I think there are twenty-six or twenty-nine, sir.

THE CHAIRMAN: Does that include the cities?

DR. ARCHER: That does not include the cities. There was a rural municipal hospitals Act which applied simply to rural areas although in some cases, notably Red Deer, the city of Red Deer was included in a field operated under the Rural Municipal Hospitals Act.

THE CHAIRMAN: Would not the villages and towns in the area be included for hospital purposes.

DR. ARCHER: They could be included and I think they always were, but they had autonomy in the matter and would vote themselves in or not. I think they were always included.

All across Canada hospitals have been assisted by provincial governments in various ways. In this province for many years the provincial government gave to hospitals a grant of fifty cents per patient per day and that was

the extent of their assistance. No grants were ever given in this province towards the building of hospitals. That is, since the first of 1937; that has been reduced by 10 per cent and the hospitals are now getting forty-five cents per day. This grant out of the province's fund amounted last year to \$440,000 which is given to the hospitals of the province, all approved hospitals being eligible for this grant, and it applied to all patients admitted. The type of ward in which they chose to stay had no bearing on the giving of this grant.

THE CHAIRMAN: It might operate as a dollar a day for the non-paying patients, depending upon the proportion of the paying and non-paying.

DR. ARCHER: Yes, it might amount to a grant equal to that for the non-paying patients. I have no figures on that.

THE CHAIRMAN: No, I am just trying to make a mental comparison with the situation in some of the provinces where the provincial government is only paying for the non-paying patient.

DR. ARCHER: Yes, in this province right from its inception that principle has been adopted. I think the grant was originally thirty-five cents and was shortly stepped up to fifty cents and stayed there for many years and is now forty-five cents.

I just want to say one other thing with regard to this hospital situation as it exists in the province today. I think it would be hardly fair to leave this body without a picture of the fact that in some areas of this province some of the hospitals are so seriously embarrassed that I have been told within the last few days that unless those boards get additional financial assistance within the next few months they individually have no choice except to close

the hospital. They have been operating on tremendously reduced revenue because of local conditions and the nominal grant which they received is quite inadequate to enable them, out of their own resources, to continue.

I am not going to argue that hospitals should be taken over in any sense by the federal government, but I would like to suggest that there should not be such an inelastic arrangement as between the province and the Dominion that if the only source of assistance were from the federal government that that federal government would be unable to offer assistance in an area which is getting assistance of other varieties.

In the course of time, with the development of the years here in the province mental hospitals were established and the sanatoria for the treatment of pulmonary tuberculosis.

Those have operated at very heavy cost to the province. All across our country the problem of the care of mental cases is a very acute one and a great many men are concerned over what is ahead with regard to this serious problem.

The budget of the provincial government has greatly increased over the years until at the present time I think it is brought down at \$1,800,000.

THE CHAIRMAN: That is the budget for the hospitals?

DR. ARCHER: For the health, which is something between ten and eleven per cent of the total estimates of the province.

THE CHAIRMAN: The total estimate covering what services, Doctor?

DR. ARCHER: All services.

THE CHAIRMAN: That is not only the hospitalization?

DR. ARCHER: No, this \$1,800,000 is everything that is done under the Department of Health and now, this year, that includes, I understand, child welfare which was not handled previously by that Department.

During this same period the Federal government has been developing its field of responsibility somewhat and no one in Canada, sir, is probably more keenly aware of the step that was taken in the setting up of the Dominion Health Act of 1919 than you are yourself. There were certain situations which had gradually arisen which called for Dominion authority and Dominion action. In the Dominion Health Act of 1919, part of which we quote on the bottom of page 2 and the top of page 3, certain things were done. Whether it was something new, whether it was new power or whether it was existing power that was made operative, certain things were done that apparently had not been done before.

THE CHAIRMAN: You mean certain things authorized by that Act?

DR. WILSON: Authorized by the Act. And the two clauses in connection with that that I wish to stress are, the first clause which is right at the bottom of page 2 of our submission and the sixth clause.

The first clause I will read. The federal government either took the responsibility or said that they had it, whichever was the fact of the case, I am not sure which, to do certain things in cooperation with the provincial, territorial and other Health authorities, with the view to coordination of the efforts, proposed or made for preserving and improving, the Public Health, the conserving of child life, and the promotion of child welfare.

And, in the sixth clause they said:

" Such other matters relating to Health as may be referred to the Department by the Governor General in Council."

It would seem to us, sir, that the Dominion government, realizing that health, public health, was not mentioned in

the British North America Act said that because it was not mentioned they had the power to proceed in this field if they saw fit, and they saw fit.

THE CHAIRMAN: The first, Doctor, is cooperation with a view to coordination of effort. It was pressed upon the attention of the government that in respect of some particular diseases some provinces were very much in advance of others in dealing with them and that no one province could meet the situation effectively and that if those diseases were to be satisfactorily dealt with it was very desirable there should be cooperation and coordination of effort. The Dominion was urged to set up this public health board, which by the Act is set up, which consists of representatives of all provinces and as well of the Dominion, for the purpose of coordinating the efforts of the provincial authorities in this field. It was not intended to take over from them their responsibilities, but it was intended to assist them in the discharge of those responsibilities by coordinating the efforts of the provincial health authorities.

In addition to that there were certain specific obligations upon the Dominion which were transferred by that Act to the Department of Health, and which were already administered by other Departments. I think you must construe clause 6;

" Such other matters relating to Health as may be referred to the Department by the Governor General in Council."

as being such other matters within the competence of the Federal Parliament, that the Governor General-in-Council may refer to that Department.

DR. ARCHER: That explanation clears the air considerably, sir, but we had hoped and we still hope that either through the power which might be construed to lie in the

Dominion Government's hands or by mutual agreement that such power might lie there, or by a change in the British North America Act if necessary, that certain power be taken or agreed to be possessed by the Dominion so they can assist in certain fields in the provinces in handling problems which can be better handled by the type of thing which you have already suggested, coordination and standardization and unification and working out on a similar basis across the whole country any problems which are national in their scope.

During the period through which we have just passed certain problems that were always with us in this province, as in others, became exceedingly acute. The medical profession and the hospitals have always been faced with the care of the indigent. During ordinary times very little was heard of that problem, but when the percentage of indigents increased, as it did during this period, it became a different thing. There was a tremendous increase in the number of people who were frankly indigent and there was a very large increase in the number of people who had previously been independent, who got to the border line where they were not indigent, but they were not independent and not able to find for themselves such services as the necessary medical and hospital services; and the load upon the medical profession and allied professions and upon the hospitals became tremendously increased during that period.

The problems which arose out of that situation were of two natures. One was the reaction on the individuals themselves, and we are concerned with that but we are not arguing it this morning, and the reaction on the profession and the health services. They became loaded up with a type of service, with a volume of service, for which they had no financial resources.

In certain types of hospitals, notably the hospitals operated by the churches, it gave the churches an opportunity through their benevolent organizations, of carrying a greater load and doing a greater service for the community. If we are looking at hospitals as things that should function uniformly through periods of peace and through periods of depression, a situation which is as inelastic as the regulations in this province at least prove to be was quite a serious situation. There were certain laws in this province relating to indigence and we have cited some parts of them in the supplement to our submission. I am not going to read them all but these are taken from the Municipal Districts Act. The first clause:

" The Council of every Municipal District shall, subject to the other sub-sections of this Section make provision for the maintenance or partial maintenance of its indigent residents, and for their care and treatment when sick."

That would seem to be fairly definite. It says, "They shall". However, many things operated in order to make that very, very difficult to work. One was that certain municipalities, even if they were willing, no longer had the financial resources. They could not finance their ordinary things, without the extraordinary things. In addition to that there was this matter of who is indigent when everyone is so very near the border line. And in the practical working out of that in this province there has been a tremendous amount of discussion and difficulty as there has been everywhere, probably. We think that in a province where the agricultural population was so exceedingly hard-hit during the depression period, that these problems became disproportionately acute in

this province.

THE CHAIRMAN: Of course, the form of provincial legislation and the relation of the province to the municipalities is a matter that is within the exclusive jurisdiction of the province.

DR. ARCHER: We realize that, sir, But, in connection with the problems that arose out of that, for instance, the medical profession went to the government of the day and requested that something be done to assist particularly men who were living in areas where the large bulk of the people were either indigent or so nearly indigent that they could not pay for that type of service. The government of the day said, "We are hampered on every side financially. We cannot do this unless the Dominion government will assist us out of their general relief funds. If we can include this as part of the thing for which they are paying us part, we would be able to do this." We never got further than that. The Dominion Government said, "We are limited by our authority and our authority does not extend to that. We cannot enter that field."

We are submitting today very strongly that there shall be some redefinition in some way, whatever may be necessary so that these relationships shall not be so inelastic but that there shall be power for the Dominion Government to give such assistance as necessary, if it shall be shown that the province has gotten to the limit of their financial strength.

This was complicated still further, and I would just like to refer to this very briefly, by certain legal decisions which were given with regard to this matter of indigency. On the top of page 2, the first paragraph.

THE CHAIRMAN: The supplementary brief?

DR. ARCHER: In the supplement. In section 5 it states

"When an indigent resident receives medical advice, attendance or medicine given by a medical practitioner at his first visit --" I did not mention to you that a medical practitioner in order to get any assistance from his municipality must proceed in a certain way. He can be paid for his first call if he believes that it was a case of sudden and urgent necessity, but he cannot be paid for a second call unless he gets a written order, and that was not terribly unreasonable. But, the definition of what would become a second call made it very difficult. In this judgment that I am going to refer to, in the case of Wagner vs the Pine Lake Municipality, the judge took this stand, that if a man went and saw the case and then did nothing except give advice, that that was not included in his first call. An operation, an emergency operation, that was necessary to be performed immediately was not included in this first call and unless this operation was postponed until the Doctor had taken time to get a written order from the municipality, he could not collect ~~that~~ fee. I am just suggesting this in order to make clear to you that while this is a matter between the province and the municipality and should be cleared up in that way, it gives you a picture of the conditions under which the profession has been carrying on in this province.

Partly as a result of conditions of this kind medical men found that they could not make a living in many parts of this country. In many areas of this province the number of medical men in relation to the population is less than half of what it was ten years ago. These men are bravely trying to carry on in practice, doing a great deal more work and under exceedingly difficult circumstances.

The medical men who have graduated from our university during the years, partly because of our local

conditions, have to a very considerable extent not remained with us in this province. There have been, I think, 295 medical men graduate from the University here, only half of those registered in our province. That was partly explained by the fact that a considerable number of our medical students come to us from Saskatchewan or British Columbia where there is no medical faculty graduating students and a certain number of those men go back to practice in their own province. But, only half of those men registered with us and only about half of those who registered with us are still with us, and over a ten year period the number of medical practitioners in the province of Alberta has remained static. That is we have not any more in practice today than we had ten years ago. Our population has increased but the number of medical practitioners remain the same. Some years it has been up a few and some years it has been down a few, but over the period there has been no alteration.

THE CHAIRMAN: Are there sufficient medical practitioners to care for the people living in the province?

DR. ARCHER: There are a sufficient number who have graduated. There are certain areas of the province which have not sufficient medical attention, but the medical men have done their utmost to meet the necessary service in these communities and are still doing it, and will still continue to do it, I have no doubt. But, a man has to have something on which to live.

Out of all of this difficulty many types of contract practice have developed in the province. Municipalities have said, "We will pay you so much to stay with us, and to render necessary care to our people." And in certain areas people have said, "We will give you so much per year to look after our families." There are of course, and always have been contracts with certain industrial concerns

in our cities and that has developed. At the present time within our province about one-third of our men in actual practice have been forced to get their living in whole or in part from some type of contract. If you notice I said, "forced" because it is the conviction of the medical profession in this province and I think elsewhere, that contract practice is not a desirable form of practice in the interests of the patient. That is, it is difficult over a long period of time to maintain the highest type of professional relationships in contract practice.

There came to be a special problem in regard to the relief costs and in certain provinces the governments made certain arrangements or the municipalities made certain arrangements and in certain parts of this province there have been partial arrangements, so that the people on relief were not being cared for entirely as a matter of charity by the medical profession; but, in many parts of this province there were no arrangements whatsoever, and the relief individual, if their own local municipality considered them indigent, and they did not begin to interpret a relief recipient as being necessarily an indigent, if they did not interpret him as being frankly indigent there was no way in which a medical practitioner could be paid anything for the services which he rendered.

THE CHAIRMAN: There is no doubt that the profession has had a very hard time and has rendered very fine service but for the moment I cannot see, Doctor, how the particular matter you are mentioning comes within the terms of our reference.

DR. ARCHER: We suggest in that connection, sir, this: That if it were made possible for the Dominion Government's assistance in relief cases to include all the necessities of life, including medical care which is one of the necessities

of life, it would help solve this problem as far as this province is concerned.

THE CHAIRMAN: That view was presented to us very strongly in Saskatchewan particularly, and probably in more than one of the other provinces.

DR. ARCHER: There are two paragraphs in the submission which was given to you by the Medical Association on the same question. I am going to read just a sentence or two out of this paragraph which is on page 11 of the submission made by the Canadian Medical Association. It is not quoted in our own submission: No man, woman or child in Canada today need be deprived of food, fuel shelter and clothing. The Dominion Government, by subsidy to the provinces, has established this as a definite policy. But for those same unfortunate people another necessity of life, which in our judgment is just as essential as food, fuel, shelter and clothing is medical care and yet for this necessity the Federal government has assumed no responsibility. We know why, but some way, whatever change may be necessary, that difficulty should be corrected and in that way tremendous assistance could be rendered to establish a uniformity in this type of service across Canada.

Certain provinces, notably Ontario, I think, Ontario is the only one, have done something in an organized way. They give a monthly grant of a certain sum of money which is handed over to a committee or a body of the Ontario Medical Association and they administer this fund and say, "You give us this much money per month and we will see to it that the members of our profession render medical care to the people on relief, and we will pay the members of our profession, and you will have no responsibility about the adjustment of individual accounts.

That was done in Ontario and it was done in certain other areas, notably the city of Winnipeg, but not in many cases has that been done and all across Canada there is a very serious situation as far as the administration of this problem of relief is concerned.

We have certain other recommendations to make, sir, and on page 5 of our submission we make certain recommendations and I am not going to take time to deal with this in much detail.

In (a) we are suggesting that the national division of the Department of Pensions and National Health should be given a full time Deputy Minister.

THE CHAIRMAN: That is the same recommendation as was contained in the Canadian Medical Association brief?

DR. ARCHER: That is the same. It is a purely administrative matter, but it would be a very important matter, and there are certain things which they could do which would be of great value, and there is just one phase which is not included in the Canadian Medical Association Brief. The large paragraph towards the bottom of the page refers to the situation with regard to broadcasting and we want to request that the Canadian Broadcasting Corporation be more careful in the type of advertising programs they allow to be sponsored. Very enthusiastic and extravagant, to say the least, claims are made over the air and we think that it is a definite detriment to many people. They rely upon things which they should not rely upon and the Canadian Broadcasting Corporation has come to have sufficient authority, it is known that their material is supposed to be submitted and considered, and people think this would not come before the Canadian Broadcasting Corporation unless it had some authority.

THE CHAIRMAN: You do not intend to suggest, do you, Doctor, that we have any jurisdiction over the Canadian

Broadcasting Corporation? It seems to me that is a submission that should be made direct to the Canadian Broadcasting Corporation. However desirable it may be that we should advise all governmental bodies as to their duties, it is a function we cannot possibly undertake.

DR. ARCHER: We will take this opportunity of registering our protest at this time. We will take your suggestion and make it direct to the Canadian Broadcasting Corporation. It has already been done.

Then, we suggest, and this is at the bottom of page 5 and the top of page 6, that at a later date there might be more complete organization of the Department of Health. We have felt that the Department of Health has been overshadowed by having it hooked on to the Department of Pensions, with its necessarily heavy expenditure, and that the reorganization might at some date be a matter of some considerable importance.

If any financial assistance becomes possible to the health services of the provinces, if the principle is adopted or if that is established, or if power is obtained, then we think that this financial assistance might be secured in one of three ways, that is, it might reach the province in one of three ways. If the payments made the province were in the nature of increased subsidies or payment for some service which is not a health service, that might release certain funds which might then be expended in health problems within the province, or if the idea of certain grants in aid of certain things which have already been done, notably with regard to venereal disease control in the different provinces. I think, for some time that policy was in existence as far as this province is concerned. It has been discontinued. If the idea of grants-in-aid which could vary in amount with the nature of the problem which was being aided, if that were being taken

it would be a way in which it might be handled. Or, the third way in which financial assistance could be given would be in certain cases where the Dominion would take off the hands of the province certain fields of public health work, which could be more efficiently done as a Dominion matter than as a provincial matter.

THE CHAIRMAN: What field is that, do you suggest?

DR. ARCHER: That was preliminary to page 8.

THE CHAIRMAN: All right, thank you.

DR. ARCHER: Item 2 on the middle of page 8. I am discussing now Federal assistance to certain things and the policy of grants-in-aid might be made applicable to such things as venereal disease, which I have already mentioned, the establishment of public health units, raising them to a uniform standard. And it is from that standpoint I would like to emphasize the importance of federal assistance in order to obtain a certain amount of federal control, so that these federal health activities must be efficient, must be well-organized, must have a certain type of personnel, with a certain type of training if they are to measure up to the type of thing which the Dominion government should assist.

It is possible, sir, and many argue quite strongly, that the care of mental disease in part at least should be a Dominion responsibility or some Dominion assistance should be available. But one of the arguments upon which that is based --

THE CHAIRMAN: I think, quite frankly, Doctor, that there is so little likelihood of the Dominion being willing to undertake any such service that those who are interested in improving the conditions would probably get more results from their efforts if they directed their attention elsewhere.

DR. ARCHER: In about half a minute I can give you a few figures which have arisen out of the immigration problem as we have seen it in this province. In our mental institutions here, 63.5 per cent of the people in those institutions were born in Canada. This does not mean that they were not of non-Anglo Saxon origin, but they were born in Canada. Of that 63.5 per cent, 36.5 per cent came into Canada as immigrants. Of the 36.5 per cent, who came into Canada as immigrants, 60.5 per cent became patients in our mental hospitals.

THE CHAIRMAN: Could you just repeat those figures for me?

DR. ARCHER: Sixty point five per cent of the patients in the mental hospitals in Alberta to-day came from 36. per cent of our population which came to us as immigrants. We are not suggesting that immigration is haphazard or that the government methods are haphazard, but it seems that the individual should have been selected more carefully. We are presenting this picture to you. Two hundred and seventy-five of the patients who have been admitted to the mental hospitals landed there within five years of the time they came into Canada as immigrants; Three hundred and forty-three, between five and ten years, making a total of over six hundred who were admitted to our mental institutions before they had been in Canada ten years.

COMMISSIONER MacKAY: Is there any explanation of that, Doctor? Is there any evidence to indicate whether it was lack of proper medical examination before the individuals came here?

DR. ARCHER: That has been suggested, sir, but I could not answer your question from my personal observations. I do not know if there is evidence to support that.

There is just one phase of mental activity which I would still submit might be taken into consideration by the Dominion government, some day. This is assistance in the matter of mental hygiene clinics. The preventative work is just as important in this field as it is in any other field, and the great hope for the future in medicine is preventative medicine, both of a physical nature and in the diseases which result in mental breakdowns. A standard should be set up which would be uniform all across Canada, with certain governmental assistance, when that standard had been attained; that would be a very real service.

The problem of pulmonary tuberculosis in this province has been a very heavy burden, apart from the Indian section of the population. The dissemination of tuberculosis is a question which we would like to suggest to you. In our Indian population the incidence of pulmonary tuberculosis is five to one as compared with the rest of the population in our province. Since about 1937, this province has taken over the entire responsibility, provincially, for the care of pulmonary tuberculosis.

COMMISSIONER MacKAY: That does not include Indians, does it?

DR. ARCHER: No, that does not include Indians, but for all other sections of the population. In 1923, it cost \$31,000.00, which was not much. In 1936, it was costing \$76,000. There is a possibility that the additional cost was passed back to the municipality from which the patient came. In the year 1937, the province took over complete control of pulmonary tuberculosis, that is, for the open cases, the infectious case which should be in a sanatorium, and the cost went up.

COMMISSIONER ANGUS: Would you expect that to be

a diminishing cost from now on?

DR. ARCHER: We would expect it to be diminishing because Saskatchewan has some very interesting figures which have been taken for about five years since that province took over complete control. In the first two years the cost was considerably higher than it has been since.

COMMISSIONER MacKAY: One question before you pass on to the next point, Doctor Archer, how are the Indians with tuberculosis treated?

DR. ARCHER: They are the entire responsibility of the Dominion government. When a case is recognized, the patient can be moved to a provincial sanitarium, and the Dominion government pays for the patient's keep. It is the fact that the open cases are not recognized and are allowed to go about as a constant source of danger. If there could be a sufficiently uniform, active, campaign to get the control of the cases, we could get control of tuberculosis, and within the lifetime of the people now living, it would be almost as rare as smallpox. This statement sounds rather extravagant, but I think it is borne out by facts. If we could use the knowledge which we now have for controlling tuberculosis, I think such a result could be achieved.

COMMISSIONER MacKAY: You think that if the province had control over the health of Indians, it would improve the situation, do you?

DR. ARCHER: I think it would improve the situation if the province had control--I am not sure whether the province has control in the sense that a health officer can go into an Indian Reserve, I am not sure whether that is the case or not. There ought to be a sufficient amount of active policy to recognize the infectious case, control

it, and stop it from spreading. Sooner or later, the contacts which the infectious/^{case}makes are a menace to the health of all people.

COMMISSIONER ANGUS: Is tuberculosis more severe among the mixed white and Indians, than it is amongst the white population?

DR. ARCHER: Yes, there is a lot more tuberculosis among the half-breed group in this province.

We come now to the handling of the problem of the drug addict. The council for the college of physicians and surgeons has been recommending for years, that there was no way which this unfortunate person could be handled, except by uniform action which was broader than any province could take. This type of person wanders from province to province and he is the type of case requiring special care. This type does not fit into a mental hospital or a general hospital; these people require a special type of institution which could give them a special type of care. There would need to be a certain amount of authoritative detention, as well as treatment. It is not a matter which has been handled efficiently up until the present time.

There are just two other items. One is the care of the aged and infirm. In theory, at least, it is just a step from the position where the Dominion governments assumes major responsibility for old age pensions, to give that care to the aged within the institutions. It would not cost the government more but would make the majority of the people more comfortable.

THE CHAIRMAN: I do not think there is the remotest chance of the Dominion assuming such a responsibility. The care of the aged and infirm from the earliest settlement of this country has been looked upon as a matter for

the local authority. I do not think there is any chance of the Dominion considering such a proposal or the Commission considering such a recommendation.

DR. ARCHER: I quite appreciate that, from a personal standpoint. However, I am only presenting a recommendation of the organization with which I am associated. If some financial assistance was given the province, in some parts, the province could look after the other parts of its problem. We are attempting to present a part of the whole picture. I think, with regard to the care of the blind, the deaf and dumb--I will not elaborate upon that, but it is a scheme which is being operated now, by interprovincial agreement. Whether or not there would be a stronger argument in favour of Dominion assistance, for that type of thing, I will leave to the Commission. I want to draw your attention to one such suggestion which we have to make on the type of assistance in connection with medical aid for relief recipients. It is on page seven of our submission. We submit a few communities have come to their assistance, as in the case of Ontario, where a fund is set up and administered by the Ontario Medical Association. Now, we visualize this, here is a vast number of people being treated by this association. If there was governmental financial assistance from some source, with the medical men doing the work which they are now doing, even at very greatly reduced rates, if these medical men received a little more from it, then require them to fill out reports. There would be a tremendous volume of work passing through one central body, and there would be obtained during that work a tremendous amount of information with regard to the incidence of illness in this group of people. This would be of very great value, if and when health insurance is brought into force. Right

now, it is a kind of health insurance, if you like, for all of the people who are on relief. They are going through the hands of an organized medical body, and they are being looked after. If the reporting end of it could be looked after, we would like to suggest, it would just be from a research standpoint, but it would be worth considering. A vast amount of information might be obtained if the machinery were set up. This information might be obtained through uniform handling through a central group. We are just suggesting this, from a research standpoint, and partly to assist in the provision of medical care for those on relief. For these two reasons, where in any province there is a situation such as there is in Ontario, or in any municipality such as in the city of Winnipeg, we suggest that certain grants be made so that the information would not be lost. The medical men send in their accounts, but they do not send in the information as to what treatment was given these patients. It would not be a big step, so far as the individual man is concerned, but it would require organization and clerical assistance. A great deal of information would be obtained in a year or two, which would be of tremendous value in considering the costs of the care of a large section of the people.

The standard of payment would not be the standard of payment maintained in a health insurance scheme, but the bulk of the work would be there. At the present time, there is no source from which an actuary, in considering the set up of health insurance, would be able to obtain many Canadian figures which would be of any value. The figures used would be obtained from another source, as there is no Canadian group of any account which has been set out on that basis.

There is just one other subject about which I wish to

speak, that is the matter of health insurance.

THE CHAIRMAN: This was brought before us by the Canadian Medical Association, Doctor, and has been brought before us again in Victoria. Unless there is something exceptional from the viewpoint of Alberta we are pretty well seized of the problem.

DR. ARCHER: Might I then, just refer you to the final page, page three, of our brief. This is our final submission. In referring to the general problem of health insurance, I just wish to say that we endorse what has been said by the Canadian Medical Association. We would be very glad to endorse its recommendation, that a royal commission be set up to study the whole matter of health services, and the new matter of health insurance.

Then, I would like to refer to the fact that here, in this province, we went through a period which grew out of these distressing times. We would note also, that in the minds of a great many people, health insurance will be the solution, some day, for the maintenance of a proper standard of care for the sick. We have a statute in Alberta, a health insurance Act which has been passed here. It was passed in 1935, and this Act is before us here. It has never been implemented, but it grew out of discussions of a commission working over a period of years. We have set down here, I will not take the time to read it over to you, but we have set down the notes which grew up as between the medical groups and the other professional groups working with that commission. The government of that time thought it would be a basis upon which health insurance could be put into operation. We acquiesced in the proposition involved. One of the things to which we acquiesced, we were not convinced of its wisdom. This was that the health insurance act visualized the taking

in, under a portion of the Act, the entire population of any area which was involved. It did not set a salary limite of \$1,800.

THE CHAIRMAN: You see, Doctor, we are not concerned with the local legislation in this province in relation to health insurance. We are only concerned with the problem which was presented to us, whether health insurance should be under Dominion or provincial jurisdiction. The particular terms of any Act are not a matter in which we could take any interest.

DR. ARCHER: We believe that when health insurance comes, it should have Dominion assistance in organization, Dominion assistance in financing, that should all be federal in scope but it should be administered chiefly by the province.

We wish to thank you very much for this opportunity of appearing before you, and I express, on behalf of the College of Physicians and Surgeons, our gratitude for this opportunity.

THE CHAIRMAN: Thank you very much, Doctor Archer. We appreciate the fine service which the medical profession is rendering. I should hope that some of their efforts would be turned in a direction where it is more probable, having regard to legislative jurisdiction, they could secure some of the measures to which reference has been made.

The two briefs, will be filed together as exhibit number 246.

EXHIBIT NO. 246: Interim and Final Memoranda submitted by the Council of the College of Physicians and Surgeons of Alberta.

THE CHAIRMAN: The next brief is that of the

Protective Committees in Alberta of Private Holders of Alberta Saving Certificates and Bonds. For the purpose of the record, could you give the names, sir, of those who are associated with you in this presentation?

SUBMISSION BY

THE PROTECTIVE COMMITTEES IN ALBERTA
OF PRIVATE HOLDERS OF ALBERTA SAVINGS CERTIFICATES
AND BONDS

MR. R. D. TIGHE, K.C., President of the Association was called.

MR. TIGHE: There is Mr. H. A. Howard of Calgary, Mr. H. L. Spankie of Edmonton, and my name is R. D. Tighe.

THE CHAIRMAN: Now, Mr. Tighe, we have the brief before us; can you suggest to us, concisely, how this matter is relevant to our inquiry?

MR. TIGHE: I will endeavour to do so sir, and I do not think that we will be very long. This brief is presented on behalf of the private holders of Alberta bonds and saving certificates. There is a large amount of these securities held outside the province. Our association does not represent any corporate holders outside of the province. I might say that those outside of the province include, of course, large corporate holders and are represented by the national committee which has its office in Toronto. I think Mr. Macdonald of the National Trust is the chairman. I believe a gentleman from the Prudential company represents the American holders, and Mr. Mitchell represents the English holders. I want to make it clear that we represent only those holders residing within the province.

THE CHAIRMAN: You are just representing the resident bond holders and those with saving certificates.

MR. TIGHE: Yes, and may I say on behalf of those whom

I represent, as well as the people of Alberta, that we welcome to this, our province. We recognize that we have many problems to present to you and some of us are hopeful that you will be able to find a solution for all of our difficulties.

THE CHAIRMAN: It is said that hope springs eternal in the human breast.

MR. TIGHE: Yes, that is so. This question first arose under an order-in-council which was passed in the May of 1936. It virtually cut the interest on all bonds and saving certificates by fifty per cent, with the exception of a few bonds or saving certificates where the interest was less than four per cent. The minimum reduction was down to two per cent. This order-in-council did not apply to the Alberta Great Waterways Company which represented some \$7,500,000.

THE CHAIRMAN: You say that it did not apply to what?

MR. TIGHE: It did not apply to an issue of bonds of the Alberta Great Waterways, which represented some \$7,500,000. When this order-in-council was passed, a special meeting of the bondholders was called in the city of Edmonton in June. At this meeting a committee was appointed to represent Northern Alberta. A day or two afterwards, in that same month, a meeting was held in Calgary at which a similar committee was appointed to represent southern Alberta. The southern Alberta committee is represented here by Mr. Howard. We have acted together, and we have, to some extent, been communicating with the national committee and those representatives of the outside bondholders.

The whole record of the legislation, briefly, from the first of the order-in-council, which was passed in May and which resulted in our meeting in June and the

appointment of our committees.

THE CHAIRMAN: Mr. Tighe, how is this general history relevant to the issue before us? What we are concerned about is how does this matter come within the scope of our investigation?

MR. TIGHE: The point we are suggesting is this; there had been considerable negotiation about the time of the first default in 1937 between the Dominion government and the provincial government. At that time, there had been certain suggestions made. When the first default occurred, there was considerable negotiation between the Dominion government and the provincial government, as to whether the two governments could not get together to avoid that default. I do not wish to go into the question of these negotiations or suggest for one minute just whose fault it was that these negotiations were not successful. We are still hopeful, in this province, that these negotiations will be renewed, and that your commission will be able to make some suggestion which will avoid the very unfortunate position in which we are, at the present time. This is true, especially insofar as the small, private bondholders are concerned, many of whom are in very distressing circumstances.

THE CHAIRMAN: I appreciate to the full the unfortunate position of the bondholders and the holders of saving certificates. However, the scope of this commission has to deal with interprovincial relations, questions of taxation, and funded debt, in a general way. We cannot take into consideration the different claims of any particular group. What is there, in the general situation, as it affects those bondholders, concerning Dominion-provincial relations, or the relations between the Dominion

and this province?

MR. TIGHE: We would suggest that the relations between the Dominion and the provinces in the matter of finances is extremely intimate. This was shown by the negotiations which have already taken place. The credit of any particular province must reflect itself upon Dominion credit. If that credit is in any way destroyed, it reflects upon the Dominion credit. Therefore, it is in the interests of the Dominion as a whole that the credit, not only of the Dominion, but of the provinces themselves, should be preserved.

THE CHAIRMAN: The only case in which the commission or the Dominion would be concerned, would be as to the desirability or undesirability of some general refunding of provincial debts in order to help the province. This might help the provinces which now cannot pay their debts to return to a solvent position. This is a general refunding proposal. Have you any suggestions as to general refunding proposals as between the Dominion and the province?

MR. TIGHE: It is suggested in the brief, and is contained in our recommendations.

THE CHAIRMAN: That is the concluding recommendation is it?

MR. TIGHE: Yes, that is the concluding recommendation.

THE CHAIRMAN: This appears to me to be the only thing in the brief which is relevant to the issue, and on that point, we would be very glad to hear anything which you would have to say.

MR. TIGHE: Perhaps the first part of the brief is immaterial, but the reason for putting it in, was to give the background of our position. Perhaps I should deal with the recommendations by reading them from the brief.

THE CHAIRMAN: We would be very glad to hear those recommendations.

MR. TIGHE: Perhaps, in order to be certain as to the exact nature of the recommendations, I might read them. You will find them on page six of our brief. I quote:

"No doubt suggestions are and will be made in respect of some of the provinces as to refunding of debts so as to ease the burden of interest, and extend the time of maturity, and we will merely make a very brief reference to it.

Owing to the unfortunate impairment of credit, in the province of Alberta, we feel it will take some time before that credit can be restored to any extent, and that, as a consequence, no refunding scheme at a reduced rate of interest can be made effective without satisfying the province's creditors that the bonds and savings certificates, and the interest on them, will be paid at maturity.

We feel that owing to the great disadvantages under which Alberta, in common with the provinces of Manitoba and Saskatchewan are suffering by reason of the distance from the seaboard, and the markets of the world at world prices, they are entitled to some special consideration.

We do not think, therefore, that we are asking for any relief to which we are not fairly entitled when we suggest that some form of assistance should be given by the Dominion government, particularly when that assistance would not, we believe, result in any financial outlay by the Dominion.

We believe that a successful refunding scheme could be consummated with the consent of the bond holders by the Dominion government coming to the

"assistance of the province by guaranteeing the payment of a refunding issue. We think at the same time that if the Dominion government is ready to give that guarantee, it in turn, just as in the case of a guarantor of a private debt, would be entitled to reasonable security to insure that it would not be called upon to implement its guarantee, and that, if it were, it would have security to fall back upon to indemnify itself.

This security could be in the form of an assignment of the provincial subsidy to the Dominion government, which would be the very best obtainable as at all times the Dominion government would have control of it. Then, in addition, an assignment of certain revenues of the province which were easily collectable could be made as further security. In this respect we have special references to the income tax and succession duties."

THE CHAIRMAN: What do you think about the province agreeing to that recommendation?

MR. TIGHE: I can say that there were negotiations along that line during those negotiations to which I have referred. There were suggestions such as that, which originated from the province itself. I continue to quote:

"As to the income tax, we are of opinion, as has already been represented to the commission by other bodies, that the whole of this tax should be collected by the Dominion, as well probably as succession duty taxes, because the result of these taxes do not by any means spring from the carrying on of business in any particular province, but from business transacted throughout the Dominion in consequence of interprovincial trade.

"It would, of course, be not unnatural to expect that the Dominion government would in such a case, as would also be the case with an individual guaranteeing a private debt, require to be satisfied that the business of the province would be carried on upon a sound basis, avoiding the haphazard methods of the past, which would necessarily involve some form of control. Whether this control would be exercised in the form of a central loaning authority, or by some other means, is a matter which could be worked out. Such control, however, should be exercised by an independent body, and not by a body which would be in any way subject to political influence. Such a form of control, free from political considerations, would in most cases take the form of advice. "

THE CHAIRMAN: I am very interested to hear you say that these suggestions were made on behalf of the province. Your view is, that the Dominion, if it guarantees a refunding loan for relief of the provincial situation, should be given in the manner which you have suggested and that in the future there should be some form of loan council or control which would prevent a similar situation arising.

MR. TIGHE: That is exactly what we suggest.

THE CHAIRMAN: It is probably hardly a fair question to ask, in one sense, but can you tell us how far you think public opinion would support those proposals?

MR. TIGHE: I do not feel competent, perhaps, to interpret public opinion, but at the same time there has been a considerable amount of discussion by responsible public men concerning these questions and the only discussion

of which I have heard or read in the newspapers have suggested the same form of meeting this situation. They have suggested a system of refunding with assistance from the Dominion government.

THE CHAIRMAN: You do not deal here with the proposal made to us by the government of Manitoba. You deal with it in a different form. Manitoba's proposal was that the debt of the province should be refunded to the extent of the amount of the provincial subsidy, by capitalizing the provincial subsidy, and that would take care of a very substantial portion of the debt of the province. The balance was to be refunded at the same rate. I pointed out to Mr. Bracken at the time that you could not expect the bondholders would accept a low rate of interest on bonds which were not guaranteed by the Dominion government, unless the bondholders had some assurance that--not his government, of course--but some other government would incur public debts to such an extent that the province would be in the same embarrassing position. I would judge from the submission which you have made that you believe there must be some guarantee before the bondholders will accept reduced rates of interest ~~that~~ the same situation will not arise again.

MR. TIGHE: We feel that is the position we have to take, sir, we feel--I do not use the expression in any critical way--if the province were let loose to incur further liabilities, it would affect the capital value of the security. We are in this position at the present time; the people who invested in good faith in Alberta bonds have had their securities reduced from \$100. in many cases, to \$50.00. These bonds are held, in large numbers, by residents in Alberta who are not in a position, frankly, to afford any such loss. These

people invested their savings in that form of security, believing that it was the very best form which could be obtained. If a refunding scheme at a lower rate of interest, that is a refunding scheme generally along the lines suggested, or as you referred to in Manitoba, these capital value of these bonds would at once come back to par or very close to par. This would enable those who were in urgent need of money, to dispose of these bonds. It would permit those who are ready to take them at a lower rate of interest to obtain security.

THE CHAIRMAN: There has been a suggestion made to us, or a question asked of us, as to how the people who bought these bonds at their present market value should be treated. Should they get the benefit of the whole increment?

MR. TIGHE: There is no doubt that raises a very definite question upon which I would not like to express an opinion.

THE CHAIRMAN: I have thought that it would raise a very difficult question.

MR. TIGHE: Undoubtedly, it does, whether those who are primarily entitled to consideration should receive the same consideration as those who invested in the securities lately. There may be some distinction needed there, but I would not suggest how that distinction should be made.

I would refer to the Bank of Canada report on the western situation which deemed it advisable to give Manitoba and Saskatchewan assistance. The report believed that those provinces deserved financial aid from the Dominion, but with respect to Alberta--we had to sort of 'paddle our own canoe'.

THE CHAIRMAN: My recollection is, I am subject to correction in this, that subsequent to the Manitoba and

Saskatchewan reports, a report was made on Alberta by the Bank of Canada.

MR. TIGHE: Yes, the Bank made a report covering the three provinces.

THE CHAIRMAN: But I am speaking of a report on Alberta.

MR. TIGHE: Yes, the Bank made a report covering Alberta and it was pointed out that owing to the fact Alberta had cut its interest rate in half which involved a saving of some \$3,500,000.00, Alberta could get along without any assistance so long as that cut was in effect. I am suggesting that the inference would be, if Alberta had not done that, Alberta would have received assistance just the same as Manitoba and Saskatchewan.

THE CHAIRMAN: That would seem to be a fair inference to make.

MR. TIGHE: The national committee has suggested, and we are in full accord with that suggestion, in its representations to the provincial government in October, 1936, that the national committee was ready, after submitting a very detailed report which, no doubt, is on file with your commission, that the national committee was ready to discuss the matter further. This report which I have mentioned, is known as the Walker Elliott Report, and it contains some very valuable information. At the time that submission was made by the national committee, the Calgary and Edmonton committees were present. These representations were made to the Cabinet and the national committee suggested that it was ready to discuss the matter further, if necessary, with the province. Our committee is fully in accord with the suggestion that the whole matter be submitted to an impartial tribunal which would be competent to judge as to the ability of the

province to pay. We feel that we are men, for the most part, not very well versed in figures and that we would not be competent to express an opinion as to the financial position of the province of Alberta. This would be a fit subject for inquiry by an impartial commission. We have received no reply to this suggestion.

The appendix is attached to this brief merely to show that the picture of Alberta is not quite as bad as it is sometimes represented to be. When we take from it this portion of its assets which should be used, we find, really, that the debt of the province instead of being \$170,000,000.00, as we are often told, really comes down to somewhere in the neighbourhood of \$128,000,000.00.

THE CHAIRMAN: We are having a financial study made of all the provinces. We are having an analysis made by our experts.

MR. TIGHE: That is one of the reasons we did not encumber the rest of the brief with statistical information.

May I say, again, that we believe an impartial tribunal which would be proper and competent to determine the best method of procedure in this case, should be set up. I do not know that we should take up any more time except to thank you, sir, and the other members of the commission for listening to us. We have endeavoured to make our report as brief as possible and we know you will consider our representations insofar as they are relevant to your inquiry.

THE CHAIRMAN: Thank you very much, Mr. Tighe; and the brief will be given our most careful consideration. It has been presented fairly and honestly. The brief will be marked as exhibit number 247.

I beg your pardon, Mr. Stewart, have you any questions to ask, Mr. Tighe?

MR. STEWART: No, thank you, my Lord, I have not.

EXHIBIT NO. 247: Brief of the Protective committees in Alberta of private holders of Alberta saving certificates and bonds.

THE CHAIRMAN: The next is the Taxpayers' Protective Association of Edmonton.

MR. J.S. McCALLUM, President, Edmonton Taxpayers' Protective Association, was called.

MR. McCALLUM: Mr. Chairman, with your permission we would like to speak on different points, briefly and concisely, but each of the four have a different point which we wish to handle, with the consent of the Commission.

THE CHAIRMAN: Any arrangement as to the presentation that you desire is agreeable to us. The only thing I would point out is that the subject matter of your brief is similar to that presented to us by taxpayers in many other cities, and it is not necessary to go into the same detail as if it were a new subject to us. We have heard the substance of it, I think, in every capital we have visited.

MR. McCALLUM: Mr. Chairman, we appreciate that, and we are going to confine ourselves as much as possible to the situation as we find it affects us in the city of Edmonton, and as it applies also to the other cities of the province. Unfortunately, the province did not see fit to present a brief dealing with the situation. It has been fairly well covered by the Chamber of Commerce here, and by others, and you will have a number of other representations before you leave.

For myself, Mr. Chairman, I have farmed in the district for the last thirty-five years, and am quite familiar with a good many questions, but I feel those are going to be covered, to a large extent, by the presentations of the United Farmers of the province, and others. I would like to say, Mr. Chairman, that we, as taxpayers, in the city of Edmonton, do feel a good deal of confidence in the Commission now sitting, and we have a great deal

of faith,- knowing what you have listened to throughout the Dominion, and what you are going to hear from other places, and your own wide knowledge of the situation,- in the recommendations which you are going to make. I am not sure that we have as much faith in the action of the government after the recommendation has been made. Our experience has been that they do not always carry out the recommendations of the Commission which they themselves appoint.

THE CHAIRMAN: You may agree with what one was said; he was afraid the recommendation of the Commission would be too good to be acted upon.

MR. McCALLUM: We are a body of taxpayers, property owners, in the city of Edmonton, with approximately 800 paid up members at the present time, and the object of our association, Mr. Chairman, is to study and apprise the ways and means of reducing the taxes on property, which we believe - and I believe you will agree with us, - is altogether excessive. In the belief that you may possibly ask us how our particular problem affects the general question which you are supposed to study, that is, the relations between the provinces and the federal Government, being that it is claimed in some cases that we are the creature of the provincial government and that our problems therefore are with the provincial government, I just want to spend a moment or two in presenting some of the reasons why we think it is also a federal matter.

We depend, in the province of Alberta, for our income largely on agriculture, and we believe that the primary producers of the Western provinces are not fairly treated by the federal government in those matters over which the federal government have control.

One of the matters to which I refer is that of the tariffs. Under our present set-up, the industries of the province of Ontario and the industries of the province of Quebec, and some of the others to a lesser degree, are protected and the value of their products is enhanced by millions of dollars, whereas we of the prairie provinces, the agriculturists of the prairie provinces, are compelled to pay excess prices, by which we pay a bonus to those industries in the eastern provinces.

THE CHAIRMAN: The question of the tariff was very fully presented by Mr. Imrie, and was also very fully presented in the provinces of Saskatchewan and Manitoba.

MR. McCALLUM: Yes, Mr. Chairman, and for that reason I am only going to refer to it very briefly, just to show you that our predicament is, at least in some measure, owing to the action of the Federal Government, and therefore that there is a responsibility on the Federal Government as well as on the provincial government. And, according to Professor Rogers, if you will remember, the production of the province of Ontario was enhanced to the extent of \$220,000,000, and that is a large sum.

THE CHAIRMAN: We have had his report filed as an exhibit before us.

MR. McCALLUM: Another matter to which I wish to refer is the railway rates, on which you have had presented several briefs and which has been very well covered. For instance, the rate on grain to the coast from here, if the grain is shipped for home consumption in the province of British Columbia costs us forty-one and a half cents per hundred. We can ship it to Japan for the same rate, as well as to other places. We can bring in corn from

the Argentine cheaper than we can ship it from here to our own neighboring province across the mountains. They are shipping ~~across the~~^{continent} cheaper than we can ship from here to Vancouver, or at approximately the same rate, which is an unfair situation as far as our people are concerned.

The next matter we wish to discuss is the question of interest rates. Dr. Hope is going to speak to you for a moment or two on that.

Mr. Chairman, you will possibly ask me how this situation might be offset. Very briefly, Mr. Chairman, I might suggest that I think an income tax is the only suggestion which could be made. Income tax at the present time is paid chiefly by the province of Ontario and the province of Quebec. Of some \$80,000,000 collected in 1936, which is the last report we have I believe \$45,000,000 was paid by Ontario and approximately \$30,000,000 by the province of Quebec; approximately \$70,000,000 was paid by those two provinces out of \$82,000,000. Mr. Chairman, we do not agree that those provinces paid that amount of income tax, we think that we paid that income tax because it was paid out of the profits on our goods, on which we paid in addition to the price charged, - the enhanced price, - the freight out here, and then the freight back from here not to Ontario, but to England, to obtain the money to pay the prices which we had to pay for those goods. Therefore, we suggest that an income tax be levied on the whole Dominion of Canada, to a much greater extent than it is at the present time, - I mean a harsher schedule, and redistribute it in the converse ratio of the benefits of the tariff to those provinces who are now bonusing the industries of other provinces. Our loss in income is some \$19,000,000 per year. Therefore, if that income

tax were credited back to us the loss we have on the tariff alone, - not the railroads and all the other questions, - would in a very short time pay off our provincial debt, even at the present high rate of interest.

Mr. Chairman, that is approximately the claims which we make. Because of the poverty of our farmers in the last few years in the province of Alberta, the cities have not been prosperous. The farmers have not been able to employ help; therefore unemployment is due, partly, at least, to the tariff and other matters over which the federal government has control. For that reason, Mr. Chairman, we maintain that unemployment is certainly a federal responsibility, and should be handled on a federal scale, and controlled on a federal scale. We do not agree that the dole system is a proper system. We certainly would like to see some system established, a "work-for-wages program", which would give employment to the people at a fair wage, and we believe such a program can be instituted and carried out.

Mr. Chairman, the reduction of the property tax is one of the first necessities for the creation of confidence, so that lower priced money will start a building campaign in the province, which will use a greater portion of the unemployed now within the cities. As to our tax problem, I do not think I need go into the conditions here. The city presented its brief through our mayor, Mr. Fry, which covered very well the situation as it affects the city of Edmonton. However, let me stress two or three points. A few years ago we had over 40,000 taxpayers in the City of Edmonton. Today we have only 11,284 burgesses. We have more taxpayers than that; we have about 14,000 taxpayers, but by "burgesses" we mean those men who are on the assessment roll as owners of

real property to the extent of \$250. or more. As I said, there is a total of some 14,000 taxpayers, but that figure includes not only the ^{resident} property owners but those in California, for instance, who have no control over matters here. We also have the business tax payers.

THE CHAIRMAN: That has been gone into very fully by the mayor.

MR. McCALLUM: Yes, Mr. Chairman, and for that reason I do not intend to continue. But we have over fifty thousand voters and only eleven thousand two hundred and eight~~ty~~ four burgesses in the city of Edmonton. You possibly will say to us, and rightly, that that is a question we should take up with the provincial government. But Mr. Chairman, we have a diminishing number of people paying taxes, and an increased expenditure every year piled upon us, not by ourselves but by the elected representatives of 55,000 people, of whom only 11,000 are property owners, or burgesses.

THE CHAIRMAN: You see, that can only be changed by your provincial government.

MR. McCALLUM: That is correct, sir. Of course, our main difficulty is unemployment. Surely, Mr. Chairman, it is not fair for the federal government to levy upon us a million dollar expenditure, ---

THE CHAIRMAN: The Dominion is not levying it upon you, Mr. McCallum, it is your own government that is doing it, and your own municipalities, because ~~unemployment-~~ has been and is a local and provincial matter. It is true that the Dominion has come to the assistance of the province, and through the province, to the assistance of the municipalities. It is now argued, and it is a perfectly proper subject for argument, that the Dominion should be given jurisdiction over unemployment insurance and the

general unemployment question, and should accept the responsibility. But to say that the Dominion is putting it on you now is not correct, because it is a local condition with which you have to deal.

MR.McCALLUM: Mr.Chairman, probably not, I was possibly wrong in stating that they have put it on us, but surely they have at least left it at our door, and we are assuming that the suggestions which we are making will be submitted to the Government, as to the changes which should be made. That is, Mr.Chairman, the position, in my opinion. We do suggest, Mr.Chairman, that unemployment is not the personal responsibility of the property owners in the city of Edmonton.

THE CHAIRMAN: There is a great deal of truth in what you say in that respect, but as to who should bear the burden of municipal taxation, that is a question which must be determined by the province; it is between the province and the municipalities, and it may be that the municipalities should be relieved of part of their burdens. It may be that they should have increased taxing powers. I am not expressing any opinion on it.

MR.McCALLUM: Mr.Chairman, we suggest that an income tax would cover the situation, but we do realize that a multiplicity of income tax is not altogether desirable. However, on the other hand, if the income tax is a fair and reasonable tax for the federal government to collect to meet its requirements, and if the income tax is a fair and reasonable tax for the provincial government to collect, why then is it not also a fair and reasonable system whereby the cities should collect the funds to meet their requirements?

A man who is earning \$200 a month and has three children to educate in the city of Edmonton, pays no income

tax to the federal government; he pays no income tax to the provincial government; and he pays no direct tax toward the education of his own children in the city of Edmonton unless he is one of the unfortunate property owners of this city. Therefore, I say that the income tax is, and should be considered one of the means to be applied. Personally, I feel that one income tax, with a substantial portion of it distributed to the municipalities, and a lesser portion distributed to the provincial and Dominion governments, would be the most satisfactory method of solving the problem. We believe, as has been stated before, that these responsibilities, - unemployment, education, hospitalization and so on, - are not the responsibilities of the property owners of the city of Edmonton, but that only those charges which are beneficial to property should be so levied. But as you say, that is a matter which is under the control of the province. However, these other responsibilities that we believe are national, should be assumed by the federal government. Dr. Hope would like to address the Commission.

THE CHAIRMAN: It seems to me, Mr. McCallum, you have covered the whole ground. There is nothing left to be said, is there?

MR. McCALLUM: I think there is. I think that these gentlemen can give you something very much to the point on different subjects.

THE CHAIRMAN: Be as concise as possible. We have a great number of people waiting here to present briefs, and it seems to me you have presented your brief very fully, but we will hear Dr. Hope.

DR. G. J. HOPE, Vice-President of Edmonton Taxpayers' Protective Association, was called :

DR. HOPE: Mr. Chairman, and gentlemen, I had the privilege of listening to Mr. Tighe on the question of

control, and we have a clause in our submission to the effect that the borrowing powers of the municipalities should be limited to a greater extent than they are, or controlled by the Board of Public Utility Commissioners, or some similar authority, and so on. I will be very brief, Mr. Chairman. We have a beautiful province here, it is all that anyone ever said of it, but we may as well admit, - and you have already detected it, - that our municipalities and our provincial government have been very prodigal. Indeed, the story of their financial condition, if you care to have a copy of the public accounts of the province, I have a copy here which I can give you, in which it is written very plainly, - it is not a nice story, or one which one likes to repeat, either of the city finances or of the province finances. It is a story of over-borrowing; it is a story of over-expenditures. Now then, we in the city of Edmonton, as taxpayers, have been unable to control the expenditures and have been unable to control the borrowings, partly by reason of the franchise under which we operate in the city of Edmonton.

THE CHAIRMAN: Dr. Hope, must not money bylaws be submitted to the ratepayers?

DR. HOPE: Not altogether, Mr. Chairman. Indeed, the trend recently has been away from that, and at the present session of the legislature there were three amendments requested in the city charter; one was for the borrowing of \$250,000, which will be a yearly affair if they care to do it; another for ^a\$50,000 project; and another for \$45,000. They did not all pass, but the tendency is very much away from the submission to the burgesses of money bylaws, and even unemployment relief expenditures and bank overdrafts, and things of that kind, have been capitalized without consent on the part of the burgesses.

The burgesses, in voting power, comprise only one in three or four, I think it is.

THE CHAIRMAN: Not on money bylaws?

DR.HOPE: No, but in the election of the aldermen. These aldermen do not feel any direct responsibility to the burgesses,- to the men who provide the money, so that there is a lack of a sense of responsibility in that way. It is impossible for the burgesses to control the expenditures as they might otherwise do. And so, the financial position of the city is a very sorry one indeed, and the financial position of the province is a sorry one.

Now, there are submissions before you asking that the Federal Government should undertake a refunding scheme, and give federal guarantee, and so on. Now, our position is this: We have come to the position we are in by reason of the lack of control over expenditures and borrowings. There is no use in the federal government undertaking to guarantee the bonds which are already in existence, and putting the province and the cities into first-class financial position again, if the province and the cities are to be allowed to turn around and do the same thing all over again. What we want to see is this: Some responsible body, such as the Federal Loan Board, the Bank of Canada, which is publicly owned, or some substantial body, exercise the necessary control over the expenditures and the borrowings of the municipalities in order to prevent a repetition of the situation as exists at the present time. You asked Mr.Tighe, Mr.Chairman, if public opinion would support any such proposition. Now, I fail to see why public opinion would not support such a constructive proposal as that, when it would have the tendency to prevent future financial debacles such as we have at the present time. In other words, Mr.

Chairman, the situation is this: We want a strong central government; we want to place the responsibility and control of finance off not merely the Dominion, but of the province and the larger municipalities in the hands of that strong central government, because it is not in the interest of Canada, nor is it in the interests of the province to have cities and provinces defaulting. It reacts on Canada as a whole. Therefore, the idea is to strengthen the hand of the central government in the matter of financial control in regard to the expenditures of the province and of the municipalities as well. In other words, what we ought to do, for the mutual benefit of all concerned, - the cities and province as well, because it is in their interests as much as it is in the interests of the people of the Dominion of Canada, - to recapture, if we can, the original idea of the Fathers of Confederation; to make the central government strong, and to place the responsibility on them and to give them the necessary powers to exercise it in the interests not merely of one city or one province but in the interests of all the cities and all the provinces and all the citizens of the Dominion of Canada. That, Mr. Chairman, is in brief, a recommendation which would come very fittingly from your Commission, in our opinion.

I want to thank you for your presence here in Alberta. I hope we have said something which will be of assistance to you in the great work you have undertaken.

THE CHAIRMAN: You have made your point very clearly, Dr. Hope. Thank you.

MR. McCALLUM: May Mr. Race speak for a moment on the franchise question?

THE CHAIRMAN: Yes.

MR. F.W. RACE, Secretary of Edmonton Taxpayers' Protective Association, was called:

MR. RACE: Mr. Chairman, and members of the Commission, the matter I wish to deal with is referred to on page 4, the third paragraph from the top. We wish to bring to your attention the conditions existing in the City of Edmonton, and two other cities in Alberta, Calgary and Wetaskiwin, and which do not exist in any other municipalities in Alberta, nor, to our knowledge, elsewhere in Canada. In Edmonton, every resident over twenty-one years of age who is a British subject, is granted the franchise in municipal elections, regardless of whether he or she contributes directly, indirectly, or not at all to the support of the municipality.

We quote there a statement by Dr. Leland of Chicago University to the effect that it is not in accordance with the principles of democratic government that the balance of political power should be held by those who make little or no direct contribution to the support of government.

THE CHAIRMAN: Assume that proposition to be correct, and your statement to be true, it is wholly within the powers of the provincial government. We have no authority to recommend that the province should change its franchise policy. That is wholly within the jurisdiction of the province.

MR. RACE: Yes, I realize that, Mr. Chairman, but we think there is a principle involved here, and while it might appear to be a matter of concern only to the taxpayers of these three municipalities, it is a thing which might spread.

THE CHAIRMAN: It is a general complaint in the cities all over Canada. You may have a more acute situation here than some other cities, but in every

city the proposition has been presented to us that the property owners pay from eighty to ninety per cent, in some cases perhaps more, the total tax collected in the municipality, and that there are thousands of men who are entitled to vote in the election of municipal councils who make no direct contribution to the funds of the municipalities.

MR.RACE: Yes. We believe the situation in Edmonton is really worse than in other cities you have visited.

THE CHAIRMAN: That may be.

MR.RACE: Because of the wide-open franchise here. We notice in Winnipeg you were told that the property taxpayers there constituted only one third of the electors. In Edmonton the ratio is only one in four, because of the broader application of the franchise in Edmonton than in the city of Winnipeg. In Winnipeg it is forty-six per cent of the total population on the voters' list; in Edmonton it is fifty-nine per cent, and in Calgary it is sixty-two per cent. That condition is due to the different qualifications for electors.

Now, we have pointed out in our brief that our property taxpayers constitute only a fourth of the electors, and that they have no control over current expenditures. They have some control over capital expenditures, but they have practically no control over current expenditures, and those are the expenditures which used to be spoken of as "Controllable expenditures", but so far as the taxpayers are concerned they have ceased to be controllable in our cities. Now, we do not think it is reasonable that a majority who make no direct contribution to the support of a municipality, and a large percentage of whom make no indirect contribution indirectly through rent, should have the power to lay such a burden on the home

owners as to cause the confiscation of their property, and in some instances, their life savings. This, we think, illustrates what may be a weakness in democratic government. It might be disputed, - we have disputed it here, - whether we have democratic government in the city of Edmonton, and it is a matter of concern, I think, to all Canadians. It was in 1912 that this what was then called "Manhood sufferage" was introduced in our city; a few years later the vote was extended to the women also. At that time the inequity was not so apparent because it happened in the midst of our real estate boom.

THE CHAIRMAN: Everybody owned a town lot.

MR. RACE: Yes, that was the situation. And it was not so evident then, the inequity of that position. But it has been a growing and gradual inequity ever since. I was a resident of the city at that time, and have been ever since, and in watching the developments as a result of that policy over a period of about twenty-six years, the question that comes to my mind is, is the ultimate result of democracy to be such as will enable majorities to impose their will and all the taxes on the minority? That, we think, is a question which should be of concern to everyone who believes in democracy. We think it is not only a matter of local concern to the taxpayers of Edmonton, but that it may spread to other municipalities and through the provinces, and the Dominion itself. If Universal sufferage and majority rule is the whole of democracy then there is a definite danger that the same situation may develop in other municipalities and in other provinces, and the Dominion itself. For that reason we believe that it is a matter which should receive your earnest consideration.

I do not want to take up a lot of your time, but this

is a serious matter. There is no doubt in my mind that the tendency is, as I have said, toward a position where the majorities can impose all the tax on the minorities. If I am right in saying that is the tendency, the next question which arises is as to whether that result is inevitable, or whether something can be done to prevent such a result, where it has not yet developed, and to remedy the situation where such a result has become an accomplished fact, as it has in our city. We beg your assistance in solving this problem. It is a **matter** of vital concern to us all, to all Canadian citizens who believe that democracy can ensure justice to minorities.

Now, referring briefly to some of our suggested remedies, on page 6, near the top of the page in paragraph 3 we suggest "The principal of a uniform franchise premised upon the payment of taxes should be applied in all urban municipalities". On inquiring into the qualifications for electors in various cities, not only in our own province but in other provinces, I have been amazed to find a great variation in the qualifications required by electors, not only in the cities of this province but in other provinces. We have seven cities in Alberta, and they are operating under individual charters. The three I have mentioned have this universal suffrage. The other four differ from those three, and each differs from the other in their qualifications for electors. We have one city here which goes to the exact opposite extreme. There is a letter here from the City Clerk of Medicine Hat, in answer to my inquiry. He says, "We have no ~~adult~~ franchise in Medicine Hat, for which we are very thankful. To qualify for a vote at the municipal elections the voter must pay taxes in some form". Now, that is the other extreme. No one votes there who does

not pay tax. The other cities have varied regulations.

Now, just another point, at the top of page 6 in paragraph 2: "In the municipal field the incidence of taxation should be such that every elector would have a direct personal interest in civic economy. Every elector should pay a direct tax, and the amount should vary with every variation in the amount of civic expenditure".

We think that last clause, "Every elector should pay a direct tax," and so on, would have the effect of giving them a personal interest in civic economy.

THE CHAIRMAN: That principle has been advocated before us as a sound principle in the interest of economy in civic administration.

MR. RACE: Yes. There is one item we mentioned in paragraph 6, clause "B", which we think would be an improvement on present conditions here. There is always an argument as to whether tenants pay taxes. They claim they pay them through rent. This is one way in which that argument could be settled for all time. It has been so settled in Great Britain, where the occupant, whether owner or tenant, pays the taxes. This system gives the tenant more interest in civic economy and we think it is a much better method than that which is followed in our cities, and in other cities where tenants pay no direct tax. They say they pay taxes through rent. Sometimes they do and sometimes they do not, but whether they do or whether they do not they do not realize how much they are paying, and they are not particularly interested in civic economy for that reason.

Now, Mr. Chairman, I will not take up any more of your time, but these conditions appear to us to be possibly a weakness in democracy, - certainly a weakness in the

sort of government we have in the city of Edmonton. Whether or not that is a true democracy, I am not prepared to say. I thank you, Mr. Chairman.

THE CHAIRMAN: Mr. Gariopy, you have something to add?

MR. C.E. GARIOPY, Chairman of Committee, taxpayers' Protective Association, was called:

MR. GARIOPY: I do not propose to take up very much of the Commission's time. I presume I was asked to put in a special plea for an increased recognition of the large amount of money spent on education, because I have been a member of the School Board, and my father before me, for some forty years, and due to the fact that I am of French extraction. You have heard most of the details as to increased cost in the city's projects; -- it reads like "A Tale of Two Cities". The charge on the property owners in regard to education is 93%, and the only other authority who carries a small portion of the load is the provincial government, which contributes 7%. When you consider that in other provinces and in Great Britain that the contribution is as high as 50%, it seems unreasonable that both the senior governments cannot see their way clear to taking on a little more of the burden. Now, you have been told of the plight of the property owners, so it can be well understood they cannot stand any more. If the governments would make a grant so that children could be shown the good sides to courtesy, -- I am sorry to see that we were not so very courteous to you in this province with the inclement weather which greeted you on your arrival, and it is said a little courtesy will go a long way.

I believe that the federal government could very well endeavor to create a better understanding, should make some contribution to develop a higher citizenship

in the schools in different parts of the province. The idea is prevalent that the east is against the west, and the maritimes are getting greater benefits than British Columbia, and so on. We have not tried to consider the question from a national point of view.

THE CHAIRMAN: That is a most important consideration.

MR. GARIEPY : Any contribution that could be made along those lines, with that end in view, would be to the good of Canada as a whole. I believe also that in the West where we have so many new Canadians who have come from central Europe, that if they could see a better understanding between the two initial races which we have in Canada, that they would fit more readily into the scheme whereby we could all work together.

We have heard about the vision of the Fathers of Confederation. Well, sometimes, it is a wonder that we are getting anywhere, because we are drifting away from that vision. So that I believe we should do something along that line. As far as contributions are concerned, we had at one time the grant for technical education, and if that could be brought back again, and more could be done to help the cities in their work in the high schools, it would be of great benefit. Country districts have no high schools, and the poor part of the population in the cities who ~~are~~ property owners carry the load to the benefit of everyone, and I think with a better understanding with the provincial government that load could be passed on to all the taxpayers.

Now, in closing, I wish to bring a matter to your attention. This is not a request for an increased grant which you will probably be pleased to hear. We have accepted the act under which schools are carried on here, and there is a good understanding. I might suggest that if there is

any misunderstanding elsewhere the situation here might be taken as an example and they could work it out in the spirit in which we have accepted it here. Thank you, gentlemen.

MR. McCALLUM: Mr. Chairman, we wish to thank you very much for the opportunity, on behalf of the taxpayers of this city, to appear before this Commission. I would like to stress one point which I think is important, and that is, the value of the ownership of your own home, to the city, to the province and to the country as a whole. The great mass of the population who own their own homes, who have a definite investment in the country, surely have self-respect and a sense of independence which the members of a floating population cannot have, and any recommendation that this Commission will make to the federal and provincial government which is going to tend to obtain that condition will be in the interests of the nation as a whole.

I thank you very much, Mr. Chairman.

EXHIBIT NO. 248 -

Brief submitted by Taxpayers' Protective Association of Edmonton.

THE CHAIRMAN: The next is the Calgary Board of Trade.

MR. C.B. CLARK, of the Calgary Board of Trade, was called:

MR. CLARK: Mr. Chairman, and members of the Commission, we have filed a brief. We believe that Mr. Imrie, on behalf of the Edmonton Chamber of Commerce has covered the subject generally very fully indeed, and we wish to say that we agree with what Mr. Imrie has said.

Further than that, of course, there are one or two questions which are of importance to Calgary, perhaps more than to the rest of the province. Perhaps the chief reason

for the appointment of this Commission was the fact that some of the provinces are highly industrialized, whereas others are predominantly agricultural. We feel in Calgary today that the Dominion Government has an opportunity to take Alberta, to a large extent, out of one category and put it in another. We have oil in quantities now, which is becoming of real national significance. The question, of course, has been discussed before the Tariff Board recently, and their findings will come out before very long. We would like to say to the Commission that if we could get, so far as oil is concerned, assistance in regard to markets we would become, to a very large extent, no longer a problem to anyone but ourselves. The same thing applies to our coal, and the same thing applies to our cattle. We know it is a matter of common knowledge that a lot of wealth in Calgary in earlier days was built up in the cattle industry. Since the tariff changes after the War, that market in the United States has been lost. If it were possible in the agreements which may be drafted between Great Britain and the United States and Canada to help us in Alberta with the cattle problem it would help us probably more than any other section in the Dominion. We really do not want to say any more than that. The negative aspect of the subject, the question of taxation on real estate, unemployment relief, and so on, has been covered very fully by Mr. Imrie. On the positive side, in Calgary we think that the possibilities are much greater, perhaps, than they appear to people who do not live there, and who do not see just what the possibilities are for the coal and oil industries. We also feel that the time has come when not a great deal of assistance will be necessary to give us very wide markets.

THE CHAIRMAN: What is the assistance required in the oil industry which you speak of?

MR. CLARK: In the brief we say it may be a pipe line, it may be a tariff, it may be a subsidy on freight rates, it might be all three. Those questions were discussed in great detail before the Tariff Board a month or so ago, and I think the figures will be available to this Commission before very long.

THE CHAIRMAN: Is it now clear that you have unlimited quantities of oil? I know what was once an experiment is now demonstrated as a fairly excellent commercial proposition, but have they as yet ascertained the extent of the oil producing areas, Mr. Clark?

MR. CLARK: The more conservative minded geologists say now that we do not need to worry about the quantity of oil, that there is enough to supply a very wide market for many years to come. All of the geologists say that, and even the conservative ones say that there is no doubt about that fact.

THE CHAIRMAN: Then in regard to coal, is the coal you refer to the Drumheller coal?

MR. CLARK: Yes, coal at Drumheller and coal in Crow's Nest Pass. There is coal almost everywhere in Alberta. Some of it is in the mountains, and is untouchable, but as everyone knows, there is a very large deposit of coal throughout southern Alberta. We have had help in the past, but other parts of the Dominion, we feel, have had more help than perhaps the little we need now to put us on the right track, and we feel that if we could get the help we need it would not be very long before we would not need it at all, but we need assistance in order to get started.

THE CHAIRMAN: Do you think that the need of the

province of financial relief from the Dominion would be greatly reduced, if not entirely eliminated, if you received assistance in the development of those primary industries?

MR.CLARK: Yes, I feel perhaps that if we had assistance we might become one of the ones who would have to put up money for the others, we would be so prosperous.

THE CHAIRMAN: That is the most hopeful note we have heard so far.

MR.CLARK: There is nothing more we have to say, Mr. Chairman.

THE CHAIRMAN: We must thank you for presenting points which are new, and which have been presented clearly and concisely. The brief will receive our very careful consideration.

EXHIBIT # 249 - Brief presented by the Calgary
Board of Trade.

THE CHAIRMAN: It is now one o'clock. The Commission will adjourn until 2:30.

(Page 6344 follows)

AFTERNOON SESSION

The Commission resumed at 2.30 p.m.

THE CHAIRMAN: I understand Professor Wyatt is here and has been good enough to say he would give us some information in reference to the work he has been doing for the university in soil survey, and as to the land in this province suitable for settlement which has not yet been settled.

DR. F. A. WYATT, Professor of Soils, University of Alberta, was called.

BY MR. STEWART:

Q. Dr. Wyatt, you are Professor of Soils at the University of Alberta? A. Yes.

Q. And under your direction surveys have been made of the soils in Alberta during the past several years? A. Yes, since 1921.

Q. Would you indicate, Dr. Wyatt, the extent and nature of your surveys. Perhaps it would be more convenient if you referred to the map? A. I will have to give you approximations because I have not figured exactly but I presume that is all you want anyway.

THE CHAIRMAN: Yes, it is an approximation.

DR. WYATT: I am sorry I cannot get this map a little more conveniently located but this seems to be the best place I could put it. This is a map covering the entire province of Alberta, running from the northern to the southern boundary. The surveys in the earlier years were conducted in what is now and was then termed the brown area, the south-eastern part of the province. That is an area south and east of Calgary. In that area at the present time we probably have covered something like 15,000,000 acres, I would think. Then in addition to that we have conducted surveys of a less detail nature in

the northern part of the province with a view to obtaining information in advance of settlement and we covered something like a similar area as in the southern part of the province, but not in such detail. The northern surveys would extend from about the central part of the province or, from say a point north of Athabaska Landing, from there to the northern part of the province. The areas covered in the northern part of the province are indicated by the coloured part of the map here.

THE CHAIRMAN: What is the length of the province from north to south.

DR. WYATT: It is approximately 750 miles, slightly under that, but almost.

THE CHAIRMAN: What is the distance from Edmonton to the boundary?

DR. WYATT: 310 miles - 312 miles to the centre of Edmonton.

THE CHAIRMAN: It is pretty nearly the centre of the province?

DR. WYATT: Almost. Edmonton is just about half-way distant north and south between Fort Vermilion and the Montana boundary. Fort Vermilion on this map is located at the extreme top of that coloured portion of the map.

The areas that have been surveyed are shown in a little better detail on this small map. Here is a strip 48 miles wide from the Saskatchewan boundary line westward to the foothills, but it commences 48 miles north of the Montana line. We have surveys published covering those two areas.

The next area to the north is also covered, in the south-west corner. In other words these three areas, and this area have reports available.

THE CHAIRMAN: How many acres would that cover?

DR. WYATT: Something like in each report, roughly speaking, between two and a quarter and three million acres. This one is a little less. Some of these larger ones are approximately three million acres, not quite.

Then this area in the upper corner and these four areas in here, would extend northerly as far as Provost. In other words it is the north edge of the real drouth area, what we term our brown soils. No report is available for that. We are preparing one. The field work has been done and during next Summer we expect to finish this strip along the southern boundary line of the province, from the Montana line and contacting with the lower area of this survey sheet. In about two years or two and a half years, three years probably at the most, we expect to finish the surveys of the drouth area, I will point that out to you on another map in a moment.

Then, in the central part of the province, near Edmonton, we only have this report published, that is north-west of Stony Plain in this section. That only covers about 1,000,000 acres. The Edmonton-east area, the field work has been largely done for that but it will be some time before we get the report on that. There is nothing done on the northern areas or the areas included in the northern half of the province.

THE CHAIRMAN: That is north of the Saskatchewan River?

DR. WYATT: North of the Athabaska River, extending westward from Cold Lake through Athabaska Landing northward. We have something like ten reports to the government covering these areas, but only two published reports. The two published reports are for this area which we term the Peace River - High Prairie - Sturgeon Lake area, and then the area from Dunvegan, both north and west of the Peace

River. These areas are both adjacent to the Peace River. This report covers approximately 6,000,000 acres and this one about two and a half to three million acres.

THE CHAIRMAN: About eight and a half or nine million acres?

DR. WYATT: Yes, we have published reports for about half of the northern area we have surveyed.

MR. STEWART: Q. Have you made any estimate of the areas available for settlement in Alberta? A. Only in a tentative way. As far as I know there is nobody here in a position to give you an exact definite figure. I have been thinking about the same question for the last 15 years. If we look at it from the standpoint of the province, the real drouth area extends from Provost on down through east of Gleichen and then roughly down to Coutts on the International boundary. I think in that area our settlement is at the saturation point with the exception of the irrigation districts. There is no doubt in my own mind as the irrigation districts are now located they will be able to support at least twice as many people as are now on the land, because later on we will get intensive cultivation, small units of farming. I do not think there is any possibility of having more people in this area than we have already, that is in the south-eastern area of the province, in what we term the dark brown area, it is pretty well owned and occupied.

THE CHAIRMAN: So that it will get on record, Dr. Wyatt, when you referred to the dark brown soil, you meant the soil to the north and west?

DR. WYATT: Yes, the soil between the real drouth area and the black soils in the Park Belt area.

Then in the dark brown area, that is the area lying between the real drouth area soils and the dark area or the

black soils, I think we will have room for a slight increase in settlement but not very great.

Then we come to the black soil area. While there is very little land that is available at the present time that is not owned, there will be the possibility of intense development and we can put or accomodate a number of people in this black area.

THE CHAIRMAN: What are the limits of the black area? What is the southern limit and the northern limit?

DR. WYATT: The northern limit of the black area would be a line east and west, extending east and west something like 50 to 60 miles north from Edmonton and extending from the Saskatchewan line to a point about 30 or 40 miles west of Edmonton.

THE CHAIRMAN: And how far south?

DR. WYATT: It narrows down. It follows roughly the Calgary and Edmonton Railway line with some small areas south of Calgary, even down into the foothills. The Milk River area is this small strip along the foothills south of Calgary and then the strip north of Calgary widening out as you come northerly, extending north-eastward, as you come south of Lloydminster.

THE CHAIRMAN: Where is the sugar beet industry now located in this province?

DR. WYATT: The sugar beet really is confined entirely to the irrigation district. That is a district east of Lethbridge a little and then around Raymond, south and west.

THE CHAIRMAN: That is in what you described as the drouth area?

DR. WYATT: In the drouth area but it is entirely in the irrigation projects.

THE CHAIRMAN: When you say it will support twice the

population, what is the population now in the irrigated area? What does it amount to in numbers?

DR. WYATT: There are probably something like four or five thousand farming units at the present time in all the irrigated areas. That is just approximate.

THE CHAIRMAN: Yes, thank you.

DR. WYATT: Then, when you come to the other part of the province, the extreme northerly parts, what we term the wooded soils, they consist of about two-thirds of the entire area of the province of Alberta, or in other words about 100,000,000 acres altogether. It is in the wooded soil area that our farm settlement must of necessity largely go. It is the only place we have for extensive settlement, the wooded area, in my opinion.

THE CHAIRMAN: That extends how far north of Edmonton?

DR. WYATT: That extends away south, almost to Calgary, near the foothills, and a narrow strip extending northward, widening out as you get north, it is the entire area west of the fifth meridian, up to about 50 or 60 miles north of Edmonton and then eastward to the Saskatchewan line, the entire northern part of the province with the exception of these islands in the Peace River district.

MR. STEWART: Q. What are the soil characteristics of that area, generally speaking? A. The soil characteristics of that area in general are a very thin layer of vegetable mould or organic matter on top of the mineral, with practically no organic matter mixed in with the mineral. If the fires go through the country, two or three severe fires when everything is dry, the black part of the soil is entirely burnt off and you have nothing but the white mineral or lighter coloured mineral soil left. The farmers refer to that as the white clay soils. Those soils are not

difficult to till when they have enough moisture present, when the rain falls on them they are thoroughly baked. Initially they are low in productivity.

Q. What type of agriculture is possible on that soil?

A. On that soil to produce satisfactory crop yields it is absolutely necessary for the farmer to grow a certain proportion of clovers, and in my opinion it will be anywhere from one-third to one-half of the total area that is cultivated that will have to be devoted to clovers. In addition to that, over the majority of the wooded soil area the farmer will be compelled to use fertilizer. That means that the farmer, if he handles the soil properly, of necessity will be compelled to follow a mixed farming system, have some livestock and not grow nothing but grains.

Q. They would not lend themselves to a single grain crop?

A. No, a single grain crop is entirely out of the question for two reasons. One of them is, first and probably the most important reason, the fact that the soils do not have the ability to keep up a sustained production of grain crops. The first crop after summer fallow or the first crop after clover is generally a satisfactory crop. The second crop has fallen off until it is not satisfactory. The third crop is hardly worth tilling.

Q. What size of farm unit, speaking generally, would be suitable in the northern areas, the wooded areas? A. Under ideal conditions the farmer might get along all right with a quarter section, but I would think in general though it would be more than that because he would need some little pasture and there is much rough ground mixed with the better topography.

Q. How accessible are the areas you mentioned, that is the wooded areas, to existing transportation facilities?

A. The existing transportation facilities up the east side of the province consist solely of the railway from Edmonton to Fort McMurray. That is this line running up in this direction, on the Athabaska River. The soils in the north-eastern part of the province and north of Cold Lake are very poor. I consider them poorer soils than we have mentioned anywhere.

In this district there are no means of access north of Lake LaBiche at all. The only means of getting in there is by railroad and pack-train or aeroplane, that is with a horse.

Q. So far as the municipal government is concerned, that is unorganized territory, is it? A. Yes, and much of it is not surveyed. I do not mean the survey party has not gone through there but there is no sub-division survey except following the river and along the railway. The base lines have been run through but no one knows where his quarter section of land is yet.

Q. How about the Peace River areas? A. The question of transportation into the Peace River, from the standpoint of freight, consists of the railroad extending up in this direction to McLennan, where it branches, one branch going north to the Peace River crossing and then westward to Hine's Creek on the other side of the river and the other branch going westward from McLennan through to Spirit River and the other direction. There is a highway extending up along the railway going into the Peace River country.

Q. Would you be in a position to indicate how long it would be necessary, after establishing a settler in these areas, before he became self-supporting? A. That question is a little difficult to answer specifically, and in one sense, it depends to some extent upon the individual man, of course,

always.

Q. Yes? A. But if a man has no help, no boys to help him clear up the land and no capital to begin with, he can clear probably something like five or ten acres a year and get it ready for crop himself. It is necessary for him to have something like 30 to 50 acres cleared before he can meet his own local requirements, in other words, before he would have any cash revenue at all.

Now, we can get at it from another way. I have thought of it also from another point of view. Some of the areas have been settled for as long as twenty or twenty-five years. A few of the better farmers in these areas at the present time are self-supporting; quite a number of them are quite self-supporting. So I would say for a good farmer probably an average of ten years unless he has capital or a lot of help within his family.

THE CHAIRMAN: Assume he has help within the family, two or three boys who could help him work?

DR. WYATT: I would think under those conditions it would take, probably about the safest figure we could use is four or five years, just roughly.

THE CHAIRMAN: And if he has capital, how much capital would he need and how long would it take to develop?

DR. WYATT: I take it you want my opinion of the cost of preparing the lands, and how long it takes him to get them under cultivation. The cost of preparing these lands varies greatly because of the density of the bush cover. They are in general already covered with bush or have been covered with bush. If fires have been through and some of the bush has been taken off, he could clear his land easier in that case. The breaking of it is rather expensive and requires a lot of power because of the tree roots. I understand it costs from

forty to fifty dollars an acre to prepare these lands for the first crop, get them in a position , before they can do any planting or seeding for the first crop. I have seen a few men with capital get their land pretty well under cultivation and a fair share of it down to crop in three years, but it was always in cases where the man had considerable capital and farm machinery and that sort of thing.

MR. STEWART: Q. Could you give a very rough estimate of what population you think these wooded areas can sustain? A. Well, about 50% of that entire country topographically is not suited for cultivation. We can rule that much out to begin with. And from our surveys up to the present time I would think we have something like 12,000,000 acres in there that is suitable for settlement, say within the next quarter of a century or something of that sort. Then if you assume that you could put three families on 1,000 acres you will get at a figure of something like fifty or at most sixty thousand families. If you assume four people to the family -- you see, I cannot come much closer than that in my estimate.

THE CHAIRMAN: Two hundred to two hundred and fifty thousand people?

DR. WYATT: Yes. And then we might still go further than that and assume the rural population would support an equal number of people in the urban centres, something of that sort. I do not know whether that is a proper assumption.

COMMISSIONER MacKAY: About what has been the increase in farming population? That is to say, how many young people have been coming up and taking on farms of their own?

DR. WYATT: I am sorry, I could not answer that question.

I wish I had known the questions you were going to ask. I would have taken a few minutes to look them up. I don't mind saying this, if you don't mind my offering the suggestion. In my opinion it is not a question of immediate and intense development of these areas, for the simple reason that we are limited from the standpoint of transportation. We are limited from the standpoint of better soils insofar as the fertility is concerned. We are limited in capital for development at the present time.

THE CHAIRMAN: You spoke of the timber. What is the quality of the timber? Has it a value as timber?

DR. WYATT: Much of the better timber has either been logged or burnt but we still have rather extensive areas of very good timber, of the type of timber we have out here. The better timber is chiefly spruce, with some areas of good birch.

THE CHAIRMAN: Is it timber that should be taken off before settlement, or is it timber like in the pioneer days of Ontario, the farmer might clear and dispose of some of it himself, and then gradually dispose of the timber as he clears his farm?

DR. WYATT: I think that is the way it should be handled. On the other hand, there are certain areas that in my opinion should always be reserved for timber reserves and harvested just as the timber matures.

THE CHAIRMAN: You have spoken of these grey soils. We had evidence before us in Saskatchewan that this grey soil north of the Saskatchewan River and in the timber area in Saskatchewan, the opinion was expressed that was not suitable for settlement. How does your grey soil compare with the Saskatchewan grey soil?

DR. WYATT: The soil around Cold Lake we have examined

along this boundary line as far north as Primrose Lake. It is exactly the same as on the Saskatchewan side, as I remember it. I have examined some of it north of Prince Albert in Saskatchewan and it is exactly of the same class as our soil is here. Now, we have conducted experiments in the field with the same type of soil and with proper management we could certainly grow crops there.

THE CHAIRMAN: Apart from the experiments you have conducted, are there people actually settled on that land? I understood you to say there were people on this grey soil that are producing good crops.

DR. WYATT: Oh, yes.

THE CHAIRMAN: A great many?

DR. WYATT: Yes, indeed. The good manager is doing pretty well, especially on the better parts of the wooded soils. On the poorer parts they are still having difficulty.

I understand the farmers are going into the growing of clover now and to a lesser extent into the use of fertilizers. We are able to produce with clovers and fertilizers an average of over 30 bushels of wheat on those soils; 50 bushels of oats. Now, I maintain those are satisfactory yields. It means that a farmer must have his land in clover one-third or half the time, that he should be willing to spend \$1.00 or \$1.25 a year for fertilizer. But there is enough rainfall to produce crops like that.

THE CHAIRMAN: Is there sufficient rainfall always in these areas for crops?

DR. WYATT: No, I would not like to say there is always. Out of eight years we have had three excellent seasons from the standpoint of rainfall, three fairly poor seasons, two seasons when they were bothered with frost

and hail. The rainfall in Alberta as you get north materially decreases. Up around Fort Vermilion the rainfall is no higher than it is in Medicine Hat, or in parts of the drouth area. Yet the country up there is all timber, the evaporation is lower.

THE CHAIRMAN: There is diminishing evaporation?

DR. WYATT: Lower winds and cooler climate, diminishing the evaporation. I am not certain yet in the extremely northern part of the province that they could grow clovers as satisfactorily as they can around Edmonton. That is, clovers like alsac and red clover, because they are shallower rooted and require different moisture relationship. I am sure they can grow clover like alfalfa and sweet clover.

THE CHAIRMAN: They do grow good vegetables up as far as Fort Vermilion?

DR. WYATT: They can grow good vegetables in any of this district. In some areas there would be no difficulty, if a farmer wanted to, to provide himself every year with adequate vegetables for his own use.

THE CHAIRMAN: Can they do it up as far as Fort Smith?

DR. WYATT: I could not say that.

THE CHAIRMAN: How far is Fort Vermilion north of Edmonton?

DR. WYATT: About 320 miles, something in that order.

THE CHAIRMAN: The first occasion I visited Edmonton, 36 years ago, later on in the Fall, I was shown vegetables grown probably at Fort Vermilion, one of those Hudson Bay posts. They were as fine as I have ever seen.

DR. WYATT: They can grow excellent vegetables around Fort Vermilion. In my opinion they can grow vegetables enough for their immediate use year in and year out.

THE CHAIRMAN: Subsistence farming would be quite easy in that area, as far as producing what the farmer needs himself?

DR. WYATT: Yes, he should be able to have sufficient food and sufficient vegetables year in and year out, enough hay and fodder for a limited number of livestock.

The Commission would be interested just for a moment in two or three of the crop pictures that have been grown on some of these poorer type wooded soils as a result of some of our experience here. These pictures give you some sort of an idea of the type of crop that can be grown when they are fertilized and clovers have been used.

THE CHAIRMAN: Are these pictures numbered as to the yield?

DR. WYATT: The yields for that individual year are listed at the bottom. I was not giving you these individual yields when I told you approximately 30 bushels. These are yields per acre.

THE CHAIRMAN: Is that wheat?

DR. WYATT: That is the first crop following clover.

THE CHAIRMAN: 21, 28, 43, 22, 17, 26, 36, 30, 45, 34, 19.

DR. WYATT: The eight year average on these better ones was about 33 bushels.

THE CHAIRMAN: That is a pretty good average for any part of Canada.

DR. WYATT: It is good. Here is the picture you get, here is the effect of clover plus fertilizer, here is the effect of fertilizer alone; this is the effect of no fertilizer, and this is the effect of fertilizer without clover in the same year.

THE CHAIRMAN: It is a picture which shows that without

clover and without fertilizer, 11.4.

DR. WYATT: That is right, 11 bushels.

THE CHAIRMAN: With fertilizer and without clover, 25.

DR. WYATT: 25 bushels. With clovers and without fertilizers, 19 bushels. With clovers and with fertilizers, 43 bushels.

THE CHAIRMAN: There are a lot of people in Ontario and Quebec who would like to get those yields.

DR. WYATT: I would not admit we can do it for ten years, but that is the result of our experiment for eight years. Not these figures here, but the 33 bushels I gave you.

MR. STEWART: Q. Is there any large amount of settlement in the wooded areas? A. Yes, the settlement is scattered to a certain extent up and down and along our present railroads, but it also extends in certain areas for rather long distances from our present railroads.

Q. Settlement I suppose would involve a good deal of road building and schools, the settlement of 50,000 families? A. Oh, yes, it would involve a tremendous amount of road building and the other utilities as well.

Q. All the services that go with settlements? A. Yes.

Q. I suppose you have not considered the question of whether the additional expenditure to get that additional population would be warranted? A. No, I have not. I considered it from the standpoint of the local conditions more generally. I do not consider that these soils as they appear in their present position have very much value. It costs just about as much to clear them up and get them ready for the first crop as they will sell for after they are ready for the first crop.

Q. As regards cash crops, would the market conditions

warrant any expectation of being able to dispose of cash crops? A. If these soils are cultivated and managed in such a manner that they produce good yields, that implies directly that the farmer must provide a home market for a large proportion of the hay he grows, which in reality means livestock. I would not like to say much about the question of future livestock markets. This however should be considered along with that: we would have room for the production of certain kinds of clover feeds to meet our own Canadian needs.

The farmers in certain areas could produce honey. It is an excellent area for producing honey, but we would soon saturate the markets from every one of those points of view. In my opinion, rather hurriedly taken, we would soon get to the point where we would be in difficulty in respect to the markets for the meat products, the dairy products. We would not have to go very much further until we had to export dairy products and that would certainly influence the price of dairy products in Canada.

THE CHAIRMAN: When you said the soil was not of much value, it would cost about as much to clear as it would sell for, is the logical deduction from that, that it should be free grant land? If a settler went in he would clear the land for about what it is worth?

DR. WYATT: In my opinion the proper way to handle these soils is not to have any free grant land at all, I mean not to have any homesteading. In my mind the reason for saying that is if there is no homestead law the officials can absolutely direct and control the settlement. They can prevent people going back 40 or 50 miles on inferior land and then demanding subsequent utilities. I think the settlers should be requested to pay a little for the land. I do not know just what that figure should

be. It should be certainly, in general, less than \$1.00 an acre and it should be spread over a long enough period so it does not bother him too much, so he has an opportunity to clear it up and own it completely. And the question of taxes on those lands under these conditions should be very gradual, considering that the farmer in really beginning to improve these lands cannot support a very high scale of taxation.

MR. STEWART: I think, my Lord, that is all I had to ask.

(page 6365 follows)

THE CHAIRMAN: There are just one or two other questions which I would like to ask. How much of this area in the south is unsuited to cultivation and should be returned or is it being returned to pasture land, grazing land?

DR. WYATT: From the standpoint of the actual soil quality there is a fair proportion of it that could be cultivated, but when you consider the climate and everything else, there is only a small proportion that can be cultivated. I do not know what the figures would be probably in the drought area it might be something like one acre out of four or three at the most, for production. Some of it really is better land and much of it is poor pasture land because once it has been broken, weeds and other plants get in there, and it is a difficult problem to reestablish that grass.

THE CHAIRMAN: Would it be possible to reestablish that grass?

DR. WYATT: That is a difficult question to answer. If we have one or two seasons of wet weather it will establish itself all right for hay. I have seen some land which has been broken up for fifteen or twenty-five years, and has not, as yet, reestablished itself with grass.

THE CHAIRMAN: It ~~reseed~~ naturally, if you have moisture, does it?

DR. WYATT: Yes, it does.

THE CHAIRMAN: How do these grasses, after ~~reseeding~~, compare with the original?

DR. WYATT: In my experience, I think it is never as good after reseeding, for the simple reason that once the land is broken up, certain shrubs and plants establish themselves and they can still maintain themselves against

grasses.

THE CHAIRMAN: You are doing certain rehabilitation work, are you not?

DR. WYATT: Yes, we are.

THE CHAIRMAN: In connection with the Dominion government?

DR. WYATT: In connection with the Dominion government.

THE CHAIRMAN: In what area is that work being carried on?

DR. WYATT: That is in the drought area that it is being carried on. Now, from the standpoint of this map, we outline the drought area as I described it a few moments ago, south and east of this line. In the south eastern corner of the province the rehabilitation work includes an area a little larger than that. It would include an area covering the fringe of this belt.

THE CHAIRMAN: How far, say in relation to Calgary?

DR. WYATT: In relation to Calgary it would extend from Calgary north and east--if you draw a straight line, it would extend from Calgary to North Battleford.

THE CHAIRMAN: Northeast in that direction?

DR. WYATT: Northeast in that direction, that would be from Calgary at this point to North Battleford which would be at about this point.

THE CHAIRMAN: And it is the area southeast of that, is it?

DR. WYATT: That is the area.

THE CHAIRMAN: Now, that defines the drought area in Alberta, what is the nature of the rehabilitation work which is being done?

DR. WYATT: The rehabilitation work in Alberta which is in connection with the drought area, consists of soil surveys, grass surveys, surveys of the possibility of water,

and the possibility of maintaining enlarged irrigation districts and things of that sort. The Dominion government at the present moment is contributing very largely to our soil surveys.

THE CHAIRMAN: That is through the Department of Agriculture, is it not?

DR. WYATT: Through the Department of Agriculture; that is part of the P.F.R.A. vote.

THE CHAIRMAN: How about the possibility of irrigation on any large scale in Alberta in the drought areas?

DR. WYATT: At the present time, the farmers in the irrigation districts are, in many cases, protesting against the scarcity of water. They need it for their own districts. We could utilize quite a good deal more water by installing reservoirs. However, the area which could be thoroughly irrigated would not be extremely large. The supply of water which we would have would not be sufficient to irrigate all of the drought area. On the other hand, there is the question of the cost of supplying irrigation water. The cost per acre for supplying water would be rather high; I do not know what it is, but an engineer could give you a good estimate. In my humble opinion it would probably be \$50.00 or \$60.00 an acre. The farmers of Alberta are claiming that the land itself cannot stand a cost like that. Our experience in this matter would show that the land could stand \$30.00 or \$35.00 an acre, that is the maximum that the farm and the farmers will support. The remainder of this sum would have to be taken care of by one of the governments, either the provincial or the Dominion.

THE CHAIRMAN: Assuming that it was considered in the national interest some time in the future that a section of the dry area should be irrigated, to what extent would

that be possible? There have been certain statements published in the press that the dry areas might be irrigated and I just wondered what your view was on that point, if you have considered it?

DR. WYATT: From our past experience, we find that you have to reduce the original estimate to a great extent for a safety factor. Our original estimate in Alberta was that we could irrigate two or three million acres. At the present time we are irrigating something like three or four hundred thousand acres, and the farmers are asking for more water.

THE CHAIRMAN: How much water an acre foot does it take ; more than one acre foot or two acre feet?

DR. WYATT: In general, it requires about one and one-half acre feet. In fact, the Dominion law says that the legal duty of water is one foot and one-half. We could get along with a little less for some crops, but with intensive crops like sugar beets, we would probably have to have two feet per acre.

THE CHAIRMAN: Have you attempted to grow fruit in this particular area?

DR. WYATT: To a certain extent, some of the small fruits can be grown, the bush fruits, as well as plums and things like that. However, it will never be an apple country or anything like that, except for the hardier varieties like crab apples.

THE CHAIRMAN: We very much appreciate your coming here, Dr. Wyatt, and giving us this most interesting and valuable information. We want to learn all we can while we are here, and you have added materially to our supply of information.

The next brief to be presented is that of the Real Property Owners' association of the city of Calgary.

I believe that Mr. Howard is presenting that brief.

SUBMISSION BY

THE REAL PROPERTY OWNERS' ASSOCIATION

CALGARY

MR. HOWARD: My Lord and Commissioners: I represent, primarily, the association of real estate owners of the city of Calgary whose name explains what they are.

Before dealing with our brief, I should like to present to you, formally, a brief which was prepared by the young men's section of the Calgary Board of Trade. They were a little late in getting this brief prepared. In fact, it was only finished yesterday. I have been asked to present it here. You will be relieved to know that I have no intention of discussing this brief at all. However, I think I should tell you that this group of young men has spent a great deal of time in dealing with this particular problem which is set out in their brief. The brief deals with the advantages which may be obtained by the amalgamation of the administrative services of the three prairie provinces. They have endeavoured to show in this brief that a very substantial economy may be effected by such an amalgamation. As I have said, I have no intention of discussing the brief, but this group of young men is more or less a subsidiary of the Calgary Board of Trade. Personally, I think a great deal of credit is due to these young men, who are going to be our citizens and who are going to take our places, I presume, for the time and effort taken in dealing with this subject. I hand it to you for your consideration.

THE CHAIRMAN: It will be filed as exhibit number 250.

EXHIBIT NO. 250: Brief of the Junior Board of Trade of Calgary.

THE CHAIRMAN: Mr. Howard, you may tell the young men's section of the board of trade that we appreciate the time, interest and ability they have taken in working on this very important problem. Without expressing any opinion whatever, on the conclusions they have arrived at, I might say that it is one of the few briefs presented-- I am not sure whether it is the only brief which has suggested some method of lessening the cost of public administration and the cost of government.

MR. HOWARD: I can quite understand that none of the provinces, in any event, would present such a brief. I shall convey to the young men's section your expression of appreciation, sir.

I might say that there are about 150 of these young men and they represent all classes. You will find graduates from almost every university in Canada, in this group.

They are, in my opinion, doing a real work. However, I shall not take up your time any more with that.

THE CHAIRMAN: It is a very fine thing, I think, that the young men are doing this and taking an interest in the administration of public affairs, and in, what I am afraid, too few people interest themselves, that is the cost of government.

MR. HOWARD: The taxpayers are vitally interested in it, and that is one of the reasons I am here, sir. I represent the taxpayers of the city of Calgary. I might say I represent, primarily, the larger taxpayers, but I suppose the problem of the larger taxpayer is the same as the smaller taxpayer and is practically the same as in any other city or town in Canada.

There are many justifications for the presentation of this brief, but one is the fact that the preamble to your appointment makes provision for the discussion of

municipal responsibility. I will read it:

"In particular, to deal with the necessary municipal responsibilities and have placed before you the burden which real estate bears."

The second one is, unfortunately, the real estate owner has very few champions. Taxes are applied to real estate for all kinds of purposes and the owners of property have very little recourse, but simply has to pay the taxes. It would be surprising if you were to be informed of the variety of assessments which there are and taxes which are applied on farm property. It is almost inconceivable that so many taxes could be placed on farm property, and yet almost every year someone brings out a new tax. A man cannot object to these, either.

There is one point I wish to stress, that is that the taxes which have been imposed in Calgary--I will deal with Calgary as being representative of the other cities--have become unbearable. Most of the things for which these taxes are raised, have no relation, in a great many cases, to real estate. They provide for services which have no relation to real estate. In that respect, I am going to deal with two items, very briefly, sir. These two items, while assessed against real estate are, in our opinion, the responsibility of either the provincial or the Dominion government. We are not saying just which of these governments should bear the responsibility, but the responsibility certainly is not on real estate. Which ever one is responsible, it should assume that responsibility.

The first one of these services with which I have to deal--I have no doubt that other citizens have made similar representations to you at other times--is unemployment relief. This has no relation to property taxes. The city of Calgary unemployment relief costs as much as 22.6

per cent of all real estate taxes. Incidentally, I might say, that 90 per cent of the administrative costs in the city of Calgary comes out of these real estate taxes.

The other ten per cent comes from licenses and one thing and another. Twenty-two per cent of our taxes goes for unemployment relief, which, in our opinion, is entirely too high. Relief is not the responsibility of the property-owner, it is a national problem, sir, and should be the responsibility of either the provincial or federal government. Our taxes in the city of Calgary have gone up by leaps and bounds. This is due to two things. Might I just take a moment to explain; it may be interesting to the commission. In 1913, the land assessment of the city of Calgary was \$120,000,000.00, that is the land alone. Our tax rate was $18\frac{3}{4}$ mills. In 1918, it had dropped \$65,000,000.00, and the rate went up to 31 mills. In 1931, it dropped \$34,000,000.00, and the rate went up again to 34 mills. In 1936, the assessment on land alone was \$24,000,000.00 and the mill rate was 56 mills.

THE CHAIRMAN: What was the first figure which you gave, and was it on property?

MR. HOWARD: The amount of the assessment on land alone, exclusive of improvements, was, \$120,000,000.00 in 1913.

THE CHAIRMAN: Those were evidently the boom days in Calgary, Mr. Howard.

MR. HOWARD: There were two things which entered into that, one was the land boom which expired shortly afterwards and the other was a weird system or theory which was injected into the taxation system of the city. The city of Calgary is one of the few cities which experimented with the single taxation system. Away back in 1909, I guess, or thereabouts, there was an attempt to put into

effect, the single tax system. The idea, of course, being that if the land was taxed alone, everyone would come along and put up a building because there was no tax on the building. This worked fine, so long as the boom was on, but as soon as the boom dropped, all this land on which there was a high tax reverted back to the city. It may be interesting to know that Calgary owns, to-day, roughly two-thirds of its superficial area .

THE CHAIRMAN: Does the city own much improved property?

MR. HOWARD: Not very much, sir. I am not in a position to say what the division is, but it is very largely in twenty-foot lots, which was the subdivision during the boom. I might say that there are, at least, as many outside the city of Calgary as there are inside. The limits of the city of Calgary are about forty square miles. I fancy that is at least as large as the city of Toronto, or it was in 1914, one and one-half times as large. Calgary is the Chicago of western Canada.

THE CHAIRMAN: It would take, not only a good market for cattle, but more or less all the oil in the Turner Valley to enable you to occupy that area.

MR. HOWARD: The next matter with which I would like to deal briefly is the matter of education.

THE CHAIRMAN: Just before you pass from unemployment relief--it is a very important and very difficult problem to present to you--under the existing regulations, the government draws a distinction between unemployment relief for those who are employable and the dealing with unemployables. As I understand it, the Dominion government is not now making any contribution towards unemployables, maintaining or supporting unemployables, on the theory,

I assume, that they really belong to the indigent class, which is a burden upon the municipalities or the provinces and cannot be said to be a burden on the Dominion.

MR. HOWARD: That is quite true. Every one of these cities has always had a certain number of indigent people who were on unemployment relief. They have had this type of person in the city of Calgary for thirty years, but that is not the kind of relief to which I have made reference.

THE CHAIRMAN: You are speaking of unemployment relief for employable people, are you?

MR. HOWARD: Yes, people who would work, who would be willing to work if they could get it. The difficulty is that in this part of Canada the most of them belong to the labouring class, and there is no work in this part of Canada for the labouring class. There has been no crop and so there has been no work for this class of person. There has been no crop, consequently they are out of work through no fault of their own, or any fault of the municipality.

THE CHAIRMAN: Does the improvement in farm machinery and the introduction of combines as well as other implements reduce the amount of labour necessary on a farm? Does that have any effect on the problem of unemployment?

MR. HOWARD: I do not think it affects it very materially, sir, because they require men to operate these machines. The tractor, probably, has removed a number of people from their former employment on the farm. The combines, which you have mentioned, are only used at times. You cannot use them, generally, because they must be used at a time when the crop is fully ripe, and this does not always happen. I really do not think that machinery, as we have it to-day, accounts to any large extent for the

unemployment as we have it to-day.

THE CHAIRMAN: How do you explain the fact that in the last ten or fifteen years, perhaps longer than that, it was necessary to bring thousands of workers into the west to help harvest the crops. Now, that is no longer necessary, and apparently it would not be necessary even if you had a good crop.

MR. HOWARD: It was necessary up until approximately 1928, and since 1928, we have had no crop which would require any outside help. We have had sufficient people who had no employment to take care of our agricultural requirements. If we should have an enormous crop five or six hundred million bushels, I should not be surprised if it were necessary to bring people in to harvest it.

THE CHAIRMAN: Thank you, Mr. Howard, I just wanted to get your view upon the matter.

MR. HOWARD: There is just one other item upon which I would like to speak, and that is the matter of education. It cost the city of Calgary roughly 35 per cent for education, and I presume that is similar to the other cities. The percentage in 1937, was 34.8 per cent, to be exact, which is pretty close to 35 per cent. We contend that the property owner is not the one who should be primarily responsible for such a large percentage of educational costs. In England, the state takes care of, I think, about 54 per cent of the cost. Here, the province takes care of a very small percentage, something like eight or ten per cent, it is an insignificant amount. The main cost of this comes on the property tax payers.

THE CHAIRMAN: Do you know what the percentage is in Ontario?

MR. HOWARD: No, I am afraid I do not, sir.

THE CHAIRMAN: I do not know either, I was just wondering what it would be.

MR. HOWARD: I fancy they are nearly as badly off as we are. I think the same pertains to all of Canada. It is left to the municipalities to carry this problem. This is a national problem and should be taken care of by the provincial or federal authorities. The government of Great Britain has assumed, for years, its proper share of this cost. It is something, I think, which should be a federal obligation rather than a provincial. There should be some federal control over education so that we can have a uniform system throughout Canada.

THE CHAIRMAN: You cannot have it uniform throughout Canada because, you see, Quebec has a different system.

MR. HOWARD: Quite so, there are impedements in the way.

THE CHAIRMAN: It must remain a provincial subject of administration.

MR. HOWARD: We have, at the end of our brief, a list of recommendations. I do not think it is necessary for me to go over these, because they speak for themselves.

We do recommend one thing upon which I have not touched, and that is the fact that at the present time real property in the city of Calgary is paying taxes upon capital value instead of revenue value. It is taxed upon capital value instead of the amount of revenue derived. I do not know whether that is of interest or not.

THE CHAIRMAN: It is, because we have to report on the system of taxation as at present applied. Your suggestion there, is that the method of taxing real estate should be changed and it should be on the rental value or upon the earning capacity, in any event. The system,

as I understand it, would be based upon the rental value, would it?

MR. HOWARD: Yes, that is it, sir.

THE CHAIRMAN: Of course, if you changed the whole basis of assessment, I do not know how it would affect our civic finances.

MR. HOWARD: I am afraid that the revenue derived from properties on that basis would be quite a bit lower. A new source of revenue or some other method of taxation would have to be brought to the assistance of the city. However, there are many, many properties, where the revenue from the property does not pay the taxes and the interest on the mortgage.

THE CHAIRMAN: That is true right in the city of Toronto.

MR. HOWARD: You will find, in this brief, two or three illustrations which I think are typical of the whole city of Calgary. It shows a very high percentage of the revenue, sometimes in excess of the revenue goes to taxes.

COMMISSIONER DAFOE: What would you do with your vacant lots, would they go free?

MR. HOWARD: So far as vacant lots are concerned, I think they should be based on their actual value. Real estate lots have not much value and I do not think they should be taxed very highly. As to that, we contend that the land assessment in the city of Calgary is ridiculously high, even yet. The assessment on the land in 1936, was over \$23,000,000.00. We have examples referred to in the brief, where we have taken the assessed value of a property and the value which the province of Alberta assessed it for succession duty purposes. I cannot locate it, just at the moment, but you will find that the dis-

crepancy is very great. In fact, the value placed on the property for succession duty purposes, sometimes, is only one-third of the assessed value and frequently only one-half. If the succession duty appraiser for the province values a property at \$1,000, and it is assessed at \$3,000, obviously the assessment is too high.

COMMISSIONER DAFOE: My question was directed towards finding out what your idea was as to the taxation on an unoccupied lot, if the tax was based on income and not on capital.

MR. HOWARD: We could not very well apply that to vacant property. However, vacant property should pay some taxes and it should pay on the basis of its appraisal value. Keep in mind, that the city of Calgary improvements are only assessed at 50 per cent. The city started in at one time to have no tax levied on improvements and it was brought down as low as 25 per cent. Afterwards it was found necessary to raise it to 50 per cent, in 1918, and it has been 50 per cent ever since. Frankly, I do not think that is right, I think the improvements should be assessed higher.

THE CHAIRMAN: Having regard to the assessed value of the land and 50 per cent of the improvement, would improved property be assessed beyond its value?

MR. HOWARD: It has been, sir, for the last three or four years. The assessment commission of this province has been dealing with thousands cases of appeals. This commission has made some slight reduction in the assessment. This commission discovered that the city of Calgary made no allowance, whatever, for depreciation. If a property was built twenty years ago and assessed for \$50,000.00, it was still assessed for \$50,000.00. This was obviously wrong. We have appealed to the assessment

commission of the province of Alberta and it has made some substantial reduction and has been doing so for the last year or two. The reduction has not been, perhaps, quite as much as it should be. There may be reasons for that, because it might be a mistake to make too drastic a reduction all at once.

THE CHAIRMAN: I see recommendation number two, as contained in your brief, is rather interesting. It reads:

"That a statutory limitation of the levy made on real property be established on the basis of a rate not in excess of 3 per cent of its full value, and that any demands on the part of the city for a higher rate be subject to the approval of a provincial tax commission."

MR. HOWARD: At the present time, the tax rate in the city of Calgary is roughly 5 per cent, not of the assessed value, but of the value or that portion of it that the tax is levied upon. That is, the value plus 50 per cent of the building--if you take off the probable excess value of the land and the excess assessment of the building, I think you will find that probably represents at least 5 per cent, perhaps a greater percentage than 5 per cent, of the actual value of the property. In other words, you have a mortgage on your property, for the full value of it.

THE CHAIRMAN: I see that you suggest there should be a statute of limitations with regard to the levy on real property, that it should not exceed three per cent of its full value. If a higher rate is demanded it should be submitted to the approval of a provincial tax commissioner.

MR. HOWARD: Yes, we believe there should be some control over these municipalities to limit them as to rates of taxation which may be imposed. At the present time,

there is practically no limit. Our maximum tax rate in Calgary has been around 56 mills. It was much higher than that in Edmonton; I believe, at one time it reached almost 70 mills. .

COMMISSIONER ANGUS: Is it quite a fair proposition to say that you have a mortgage which is 5 per cent of the value of the property; which takes 5 per cent of the value of the property. The next thing that you have to say is, what would the value be if the tax were taken off, do you not? Are you sure the answer would not be, it is worth twice as much?

MR. HOWARD: No sir, I do not think the fact that the taxes are raised has much effect on the mind of a person who is renting. No matter what your taxes are, the earning would be the same. It makes no difference what your taxes are you would just get the same earning from it.

COMMISSIONER ANGUS: You think the sale value of your property remains the same , no matter what the tax is levied on the property.

MR. HOWARD: Except those high taxes.

COMMISSIONER ANGUS: You would think the taxes would be no impairment to the sale, that they would not be taken into account by the purchaser?

MR. HOWARD: Yes, I suppose so.

COMMISSIONER ANGUS: And suppose you reduced the taxes, that would raise the price, would it not?

MR. HOWARD: Theoretically, yes, but practically, no.

COMMISSIONER ANGUS: I am saying this because at some of our hearings in other places, this view has been presented frequently.

MR. HOWARD: I would not agree with it.

THE CHAIRMAN: Mr. Howard, I see in recommendation number four in your brief, you recommend that a policy

designed to ensure the payment of an equitable tax from all adult beneficiaries of municipal services be adopted by the city. Of course, we are only considering it in the general aspect, but what form of taxation did you have in mind?

MR. HOWARD: You will find a short reference to it in the brief. What we have reference to there, is that there is a large number of people who live in our cities--

THE CHAIRMAN: We know the facts, but I was wondering what method of taxation you would adopt?

MR. HOWARD: It would have to be by way of a per capita tax or income tax. The per capita tax is probably the best one. That was the point I wanted to make there.

THE CHAIRMAN: Is there any other point you wish to make?

MR. HOWARD: No, sir, I have nothing further to say. Thank you very much for your kind attention.

THE CHAIRMAN: Thank you very much for your presentation Mr. Howard, and I assure you it will receive our most careful consideration. Your brief will be marked as exhibit number 251.

EXHIBIT NO. 251: Brief of the Association of Owners of Real Property of the city of Calgary.

THE CHAIRMAN: Have you any questions, Mr. Stewart?

BY MR. STEWART:

Q. I just noticed in the fifth recommendation on page 24, "The provincial government should assume its constitutional obligations, both as to administration and finance." Earlier in the brief, you suggested it should be Dominion?

A. I think so, too, but the Dominion would probably operate through the provincial government. I do not think the Dominion will deal directly with the municipalities.

I believe the Dominion prefers to deal through the provinces.

Q. But you suggest in recommendation five, that both as to administration and finance, the obligation should be provincial. A. Well, I wish to adhere to it. I think, behind it would be the federal government, but the administration of finances would have to be done through the provinces, as it is in our relief problem now.

Q. You are not suggesting that the Dominion government take over the administration of education? A. No, sir, not at all.

COMMISSIONER MacKAY: In respect to number seven, you say, that the province has had some control over municipal borrowing, what is the situation now?

MR. HOWARD: In the cities and in the province?

COMMISSIONER MacKAY: Yes, in the cities and in the province.

MR. HOWARD: Each city operates under a separate statute, each city has its statute. There are now two of them alike. Every year there is a group of statute amendments with respect to these cities. There is no uniformity about it. They have certain things in Edmonton that they have not in Calgary, and some objectionable things in both cities. If you have a uniform cities Act, those differences would not creep in. You would have, to my mind, a much more efficient organization in which all of these cities would be held down by the presence of a uniform Act.

COMMISSIONER MacKAY: Supposing Calgary wants to borrow, how does she do it?

HMR. HOWARD: The ratepayers pass on it, and if we can find anyone to buy our debentures, we sell them. At the present time it is a little difficult.

COMMISSIONER MacKAY: The only restriction is the local ratopayers', and you think that is not satisfactory, is that it?

MR. HOWARD: There is a restriction; you are limited to the percentage of your assessment upon which you can borrow, that is the customary protection.

COMMISSIONER Mac KAY: But you do not have to have the permission of the public utilities board?

MR. HOWARD: Yes, but only as to the validity of it, not as to the propriety. They do not concern themselves as to the propriety, but you must have it done legally. All the bond issues of the cities must be countersigned by the board of public utilities before they are valid.

COMMISSIONER MacKAY: Do you think it would be wise for the province to have control over the borrowings of the cities, over the issue of debentures from the point of view of wisdom of expenditure?

MR. HOWARD: I would not with this government; but with any normal government some such measure of control would be desirable.

(Page 8385 follows)

THE CHAIRMAN: The next is the brief of the Canadian Chamber of Agriculture, Mr. Milliken, of Regina.

MR.R.H. MILLIKEN, K.C, was called.

MR.MILLIKEN: You have doubtless heard so much since you were in Saskatchewan and Manitoba that you may have forgotten, in the Manitoba brief in part 2, page 225 and 226, they dealt somewhat briefly with the Dominion Marketing Act of 1934, and what happened to it, and with the acts dealing with the grain exchange, - dealing with the handling of grain; and in the case of Saskatchewan in the Government's brief on page 335 they made a certain recommendation in regard to enabling legislation as an amendment to the B.N.A. Act, to allow enabling legislation of a certain type. I am attempting to set out before you the enabling legislation which they referred to, which has been enacted in Canada, and what has happened to it and what is the situation now with regard to what might be possible amendments to the B.N.A. Act to make such legislation possible.

I am appearing before you on behalf of the Canadian Chamber of Agriculture, which consists of the Cooperative organizations, although it also includes a number of the other farmer organizations, and you will notice at the beginning of the submission these names are not all the same, they use different titles. The British Columbia Chamber of Agriculture, The Alberta Co-operative Council, the Saskatchewan Co-operative Conference, the Manitoba Co-operative Conference, the Ontario Chamber of Agriculture, the Maritimes Chamber of Agriculture, the Canadian Dairy Farmers Federation, The Canadian Horticultural Council.

"Each provincial organization is composed of various agricultural, co-operative and educational groups to be found in the provinces mentioned. The

affiliated Canadian organizations are likewise composed of similar groups. The Chamber is therefore vitally interested in all matters affecting the welfare of Canadian farmers, and particularly in all legislation affecting the production, preparation for marketing, and marketing of agricultural products in the Dominion of Canada.

Canada is an exporter of agricultural products. Wheat, livestock, dairy products, eggs and poultry, fruit, all move into the export market, and Canadian farmers have long realized that the price received for the exportable surplus, no matter how small, too often determines the price for the whole volume of the product.

In view of the changes in agricultural policy which have taken place in many countries of the world during the past decade, the Canadian Chamber of Agriculture is of the opinion that the type of legislation already referred to will play an increasingly important role in the marketing of the exportable surplus of Canadian farm commodities. Hitherto all such legislation has proved to be of questionable validity because of the difficulty in covering the necessary field and at the same time keeping within the division of powers as set forth in the B.N.A. Act, also because of the confusion which has resulted from Court decision rendered in connection therewith.

The provisions of the B.N.A. Act which have required judicial interpretation in connection with this type of legislation are sections 91, 92 and 121".

Then, I have quoted the particular sub-sections of this section, dealing with it. And continuing on about

the centre of the page:

"Early in the history of the Dominion the Privy Council were called upon to distinguish between the apparent conflict of Dominion jurisdiction in regard to 'trade and commerce' and provincial authority over 'property and civil rights within the province', although it has not been until within comparatively recent years that legislation under those heads affecting agriculture has found its way to the Privy Council."

Then, I quote what will be very well known to you, sir, and will just refer to it. Bank of Toronto vs Lamb, 1887, and Montreal vs Montreal Street Railway, 1912.

"With regard to agriculture, the problem created by the above decisions was, how could the Dominion legislate so as to cover the entire field involved when it was given control over inter-provincial and export trade only? On the other hand, how could the provinces cover the entire field when their jurisdiction did not extend beyond their provincial borders? If, as suggested in Montreal vs Montreal Street Railway above, both the Dominion and the provinces must legislate, what should be the nature and type of that legislation?

The advantage of having one uniform Act dealing with the question of grading, storing, packing, and transporting agricultural produce, particularly if it were to be exported, was readily admitted. It was also apparent one Act of Parliament would be much easier of attainment than securing a uniform Act from nine separate and distinct legislatures.

Hence, in 1917, the Dominion Parliament passed an Act entitled 'The Livestock and Livestock Products Act', being Chapter 32 of the Statutes of that Session."

Then I give the amendments which have taken place since that date:

"The Act of 1917 undertook to regulate the preparation for marketing of meat, poultry, eggs and wool, as well as to supervise and regulate Livestock Exchanges and license dealers in connection therewith. The constitutionality of the Act being always a matter of doubt, steps were taken in 1922 to have the provincial governments pass enabling legislation. The enabling Acts undertook to make any provisions of the Dominion Act, which might be ultra vires the Dominion, valid, by declaring 'such provisions shall have the force of law in the province'. In each and every province the wording of the enabling Acts were almost identical."

Then I quote at the top of page 4 Section 2 of the Saskatchewan Act. I have particularly quoted it because later on I am going to refer to a judgment given by the Appeal Court of Saskatchewan on that particular section. That is typical of the Acts. In addition, most of them passed additional sections providing for the Lieutenant-Governor in Council proclaiming an amendment to the Dominion Act in the province.

"In the Quebec enabling Act, elaborate recitals were inserted setting forth the public interest in such a measure and the constitutional doubts which had arisen in connection with the Dominion Act; hence the reason for the passage of the Provincial Act. The statutes of the various provinces dealing

with this question are as follows:

I would like to point out to you in section one, Revised Statutes of British Columbia, 1936, 269, is a mistake. That is the Revised Statutes of British Columbia, 1924, Chapter 241. I have prepared a sheet with those corrections, which I will give you. I shall not read those citations, sir.

THE CHAIRMAN: No, that is not necessary.

MR. MILLIKEN: I will continue:

"The legislatures of Ontario, British Columbia, Manitoba and Saskatchewan passed similar enabling legislation in connection with the Dominion Dairy Products Act."

Again, I shall not read the citations.

"Similar enabling legislation was also enacted in the case of the Dominion Fruits Act by the legislatures of Ontario and Nova Scotia.

Similar enabling legislation was passed by British Columbia in connection with the Dominion Root Vegetables Act, R.S.C. 1927, Ch. 181. This Act was repealed and the Fruit, Vegetable and Honey Act substituted for it by Chap. 62 S. of C. 1935.

Similar enabling legislation was also passed by Prince Edward Island, New Brunswick, Nova Scotia and British Columbia in connection with the Dominion Meat and Canned Food Act, R.S.C. 1927, Ch. 77, amended 1934, Ch. 38, and in 1935 by Ch. 31."

You will observe from the sheet I have given you there is an error there. The New Brunswick Act, instead of Chapter 77, is Chapter 23.

"Similar enabling legislation was likewise passed by Prince Edward Island, Nova Scotia and New Brunswick in connection with the Dominion Fish

Inspection Act, R.S.C. 1927, Chapter 72, amended 1929, Ch. 43; 1930, Ch. 22; 1932, Ch. 31."

Now, so far as I know those are all the Acts in the Dominion of that nature, but I ^{may} have missed some in searching through the Statutes.

"In each and every one of the above cases where enabling legislation of this nature was passed by the provinces the nature of the Dominion Acts was to regulate the grading, storing, packing and shipping of agriculture or fish products. None of them dealt with the actual marketing of the commodity. This was first attempted by the Dominion alone, when in 1919, as a war measure, it established a wheat board with complete control of the marketing of the entire Canadian wheat crop of that year."

I should have inserted there that that is to be found in Statutes of Canada, 1920, Chapter 40. It is not carried forward into the Revised Statutes; it was only used for the one year, as you will remember.

"In 1921 and 1922 strong pressure was brought upon the Dominion government by the West for legislation setting up a wheat board with powers similar to ~~that~~ enjoyed by the previous board. The government took the ground that it had been able to set up such a board in 1919 because it was considered a war measure, but it did not possess the necessary power to set up a like board in peace times."

I am wondering now, sir, why I have referred to it as 1919, which is the way we have always referred to it; whereas I notice it was passed in 1920 and it was effective from the first of August, 1920, to the first of August, 1921.

"It was prepared, however, to pass such legislation as was within its power, provided two or more provinces should pass such enabling legislation

as might be deemed essential for the proper working of the Act. The Dominion, therefore, passed an Act which provided for the appointment of a wheat board with authority to accept delivery of wheat for marketing as offered to it anywhere in the Dominion. But the Act was not to come into operation unless two or more provinces passed such legislation as the Governor-in-Council considered necessary or adequate to enable the Board to have or enjoy such powers as were possessed by the wheat board of 1919.

The legislatures of Alberta and Saskatchewan enacted such legislation.

Thereafter the Dominion Act was declared to be in operation, but as no one was secured to occupy the position of a board member no action was ever taken thereunder.

It is of interest to note that the Saskatchewan Act, by Section 4, ss. (a) gave the Dominion-appointed board authority to take possession of all wheat stored in Saskatchewan and to deal with it in like manner as if the owner had voluntarily delivered the wheat to the Board. The Alberta Act contained a like provision. Without these provisions there was nothing in the combined Acts to enable the Dominion Board to interfere with the sale of wheat anywhere in the Dominion or, in fact, to function at all unless the owner of grain should voluntarily deliver wheat to it. In other words, the sub-sections in question were the only provisions in any of the Acts which enabled the Board to enforce compulsion on the owner.

While no Court ever passed upon the constitutionality

of these compulsory provisions, Mr. Justice Turgeon in *Re Marketing Act* (1931) 2W. W.R. 146 (that is the Saskatchewan Appeal Court case) at page 156 dealt specifically with this identical question, but under a different Act where he held expropriation by a provincial legislature must of necessity be for a local purpose alone and not as a cloak for interfering with inter-provincial and export trade.

The first provincial legislature which attempted to regulate and control the actual marketing of an agricultural product was British Columbia.

Under that Act an attempt was made to set up a Board with authority to determine at what time and in what quantity, from and to what place, and at what price certain agricultural produce might be marketed. In order to defray the expenses of operation, the Board had power to impose levies on the products marketed.

The validity of the Act finally came before the Supreme Court of Canada, where it was held to be ultra vires the legislature of British Columbia on the ground that it interfered with inter-provincial and export trade, and also that the levy was an indirect tax.

In 1929 a Dairy Products Sales Adjustment Act was likewise passed in British Columbia. This Act attempted to equalize the payments received by all milk producers in a certain area in British Columbia, and became effective upon a petition supported by 66 per cent of the dairy farmers present at a meeting called for that purpose. A board was set up for the purpose of carrying out the provisions of the Act and among other powers it was given the

right to make a levy on all milk producers to cover its costs of operation and to also levy a sum to equalize milk payments.

The constitutionality of this Act came before the Privy Council in 1932 when it was held the province did not have authority to set up a board which could charter the cost of its operation against the producers nor could it collect the adjustment levies because both levies were indirect taxes.

The legislature of Saskatchewan in 1931 next attempted legislation of this character. Under that Act provision was made for setting up a board which would arbitrarily take control of the marketing of all grain grown in the province of Saskatchewan."

I should have said they were to take control as the agent for the grower; they were not to become the owners of it.

"Before doing so, however, two-thirds of the producers of grain in Saskatchewan must vote in favor of such a scheme. It was also given the right to make a levy to cover its cost of operation. Immediately after the passage of the Act, the government referred the question of its validity to the Appeal Court of Saskatchewan. The Appeal Court held that as the Act undertook to give the board power to take possession of all grain grown in Saskatchewan, not for a local purpose but as an article of commerce, it was not within the legislative competence of a provincial legislature. At the same time as the price of wheat was set in world markets the levy to be made for operating costs was a direct rather than an indirect tax, and therefore within provincial jurisdiction.

"In view of these decisions an agitation arose to have the Dominion pass such enabling legislation as would enable the provinces to set up effective marketing organizations. It was suggested the Dominion should pass such legislation as would permit marketing boards created by provincial legislatures to collect levies which might prove to be indirect taxes, and also enable them to effectively control that part of the product which might find its way into inter-provincial and export channels. The exact form of the desired Dominion enabling legislation was none too clear, but before it could be clarified the Dominion government altered the entire situation by enacting a marketing act which attempted to cover the entire field of both local, inter-provincial and export sales.

This was followed by a request on the part of the Dominion Government for the passage of provincial enabling Acts similar to those passed in the cases above referred to dealing with Livestock, Fruit and Dairy Products. Seven provincial legislatures responded by passing the necessary Acts.

The Dominion Natural Products Marketing Act was an Act along somewhat similar lines to that of the British Agricultural Marketing Act, Ch. 42, S.G.B. 1931, amended by Ch. 31, S.G.B. 1933." (I am referring to the Dominion Act).

I have both of those Acts here, if you would like to have them both I will file them with you.

THE CHAIRMAN: We are only concerned with the question of jurisdiction.

MR. MILLIKEN: All right, sir, you will see I have been leading up to the question of jurisdiction.

"The Act provided that upon the Minister being satisfied as to the percentage of producers requesting a marketing scheme, boards might be set up which could have exclusive control over marketing either local, inter-provincial or export. Section 5, sub-section 4 (b) retained a semblance of being an Act dealing with trade and commerce when it said the Governor in Council before approving of a scheme should be satisfied some part of the product might be exported.

A considerable number of marketing schemes were set up under the provisions of that Act and operated thereunder until the Act was declared *ultra vires* the Dominion Parliament by the Privy Council.

The Privy Council (p. 330 of the W.W. Report) held the Act was *ultra vires* because of its interference with local trade, i.e. property and civil rights within the Province. Unfortunately, when the Act was referred to the Court the enabling provincial Acts were not included in the reference, hence the Privy Council did not have an opportunity to pass upon the constitutionality of the type of enabling legislation which had been adopted in Canada. Lord Atkin in giving judgment, however, said at p. 322:

"Unless and until a change is made in the respective legislative functions of Dominion and province it may well be that satisfactory results for both can only be obtained by co-operation. But the legislation will have to be carefully framed, and will not be achieved by either party leaving its own sphere and encroaching upon that of the other."

THE CHAIRMAN: The difficulty of legislation, both with the Dominion and the province, was to know just where the

line was to be drawn, and therefore each went the full possible limit in the hope and expectation the whole field would be covered, the legislation would be intra-vires. But is your contention this statement of Lord Atkin indicates that that form of legislation---

MR. MILLIKEN: Is ultra vires, - that form of legislation would not be adequate. I know I do not need to suggest to you that you should always accept very guardedly any remarks made by the Privy Council on points that are not directly in issue.

"Before the above judgment was pronounced the question of the constitutionality of the enabling legislation adopted in the case of the Livestock Products and kindred acts did come before the Appeal Courts of the Provinces of Saskatchewan, Alberta and Manitoba, in the years 1935-36 in the cases of :
(And I cite the cases) All of these cases dealt with the provisions of the Livestock and Livestock Products Acts both Dominion and provincial.

Rex Vs Zaslavsky was a Saskatchewan case where a dealer was fined for not complying with the regulations in the matter of egg grading set up under the provisions of the Livestock Products Act (Dominion) as supported by the enabling Saskatchewan Livestock Products Act. In that case the Court held (p.39) that the Dominion Act was ultra vires insofar as it purported 'to control and regulate sales and purchases of eggs which begin and end in the province'.

Chief Justice Haultain further held the enabling provincial legislation was not such as remedied the defects in the Dominion Act, and on p.40 said:

'It is argued that the intention of the Legislature in enacting sec. 2 was to enact by reference

certain, or rather, uncertain provisions of the Federal Act and regulations which might be found to be within the exclusive jurisdiction of the provincial Legislature. In my opinion the section does not admit of that construction. When the provincial Legislature says that Federal legislation and regulations made thereunder which are ultra vires of Parliament shall have the force of law in Saskatchewan there is no suggestion of legislation by incorporation or reference. It is simply, in my opinion, an attempt ex post facto to give jurisdiction to Parliament which it does not possess. Further if it had been the intention of the legislature to incorporate the provisions of the Federal Act and regulations by reference, why and by what power could those provisions and regulations so incorporated have been subject to repeal by the Dominion Parliament? In both instances there has been an attempt to enlarge the jurisdiction of Parliament or to surrender jurisdiction belonging exclusively to the province.'

Mr. Justice MacKenzie concurred in this point while Mr. Justice Martin in dissenting upon this point said at p. 44:

' It may well be that the method adopted by the Legislature in enacting that the Live Stock and Live Stock Products Act of the Dominion and the regulations made thereunder in so far as they are outside the jurisdiction of the Dominion and within the jurisdiction of the province 'shall have the force of law in Saskatchewan' is objectionable because the enactment does not set out what portions of the Act and what portions of the regulations fall within the category referred to; and it may well be that it would lead to greater certainty if the

provincial statute were more explicit and set out in detail the sections of the Dominion Act and the regulations which are to be law of the province; but I know of no authority which would warrant the Court in refusing to give effect to the legislation for this reason. The language used in the enactment makes very plain the intention of the Legislature and effect must be given to that intention."

That is he agreed that the Dominion Act was beyond the powers of the Dominion, but he thought the provincial enabling act remedied the difficulty.

"Rex vs Thosby was an Alberta case dealing with a like question where the constitutionality of the Dominion and the Alberta Products Acts were considered. In that case the Supreme Court of Alberta, without giving any written reasons, unanimously followed the majority decisions in the Saskatchewan case of Rex vs Zaslavsky above.

Rex vs Brodsky was a Manitoba case where the constitutionality of the Dominion and the Manitoba Livestock Products Acts were again considered."

I was wrong in saying it was the Manitoba Livestock Products Acts. It was the Manitoba Animal Husbandry Act.

"The Court with Mr. Justice Robson dissenting held: 'Regulations requiring dealers in eggs to mark, label or tag the eggs containers with the correct grade, etc., and the provisions of said Act under which said regulations purported to be made are, insofar as they relate to the sale or delivery of eggs by one person to another, within the same province, ultra vires. Nor are such provisions and regulations insofar as they relate to such a transaction made valid by Section 106 of the Animal Husbandry Act, Man. 1933, Ch. 1.'

"Section 106 of The Animal Husbandry Act is the corresponding Section to that of Saskatchewan quoted on page 4 above.

In giving a dissenting judgment Mr. Justice Robson distinguished the case at bar from Rex Vs Zaslavsky upon the ground the Manitoba case was dealing with the problem of pure foods.

With both the Dominion and the provincial Marketing Acts declared ultra vires by the Privy Council and the Supreme Court of Canada; with the enabling Acts of Manitoba, Saskatchewan, and Alberta being declared hopelessly defective by the Appeal Courts of those three provinces, the whole problem was once again in the molting pot".

Before continuing, I should say to you that as a result of those decisions, at least after they were published, Manitoba passed a new Act, to be found in their Statutes of 1936, Chapter 24, and Saskatchewan passed a new Act, to be found in their Statutes of 1936, chapter 77, both of which Acts almost word for word set out the sections of the Dominion Act dealing with regulation and grading and matters of that sort, and then wound up in the case of the Saskatchewan Act, by declaring it was not intended that anything in the Act was to effect eggs except within the province; it was to have no extra provincial power. In the case of Alberta, they had an interim act which had been in force since 1922, - Revised Statutes^{of} Alberta, 1922, Chapter 153, - which said that no eggs that were unwholesome could be sold in Alberta, and provided eggs must be candled, and provided for inspectors to enforce the act. In the case of Ontario the enabling act was repealed in 1937; that is, in every one of the acts I have quoted here that Ontario

had passed as enabling Acts, they repealed them in 1937, whether as a result of these decisions or not I do not know. The other three provinces have still got these enabling acts left on their statute books, and what is more remarkable still, particularly when you recall that the Saskatchewan Government asked for an amendment to the D.N.A. Act to cover this sort of thing, the Saskatchewan legislature have passed an Act that contains a clause declaring that the Dominion Act is law in the province of Saskatchewan, and specifically referring to part of the Dominion Act.

"British Columbia, which had at all times been in the forefront of the endeavor to secure effective marketing legislation, once again turned to her own government and by amendments to its Natural Products Marketing Act of 1934 attempted by provincial legislation alone to solve the problem.

The Act provided for the Governor in Council approving of the establishment of marketing schemes; the appointment of marketing Boards and for vesting in those boards such power as might be considered necessary to effectively control, regulate and prohibit the transportation, (I think it is a possible error), packing, storing and marketing of any natural product within the province. The board also possessed power to charge a license fee to all growers to be utilized to defray the expenses of the board. The constitutionality of the Act was challenged upon the grounds, among others, that it was an interference with the Dominion's exclusive right to legislate with respect to 'The Regulations of Trade and Commerce', and secondly, that the license fees were not in the nature of a license but were really an attempt to levy the cost of operation,

which following the judgment of the Privy Council in the Lower Mainland Dairy vs Crystal Dairy referred to above, constituted an indirect tax.

Chief Justice Martin (p. 281) held on the authority of *Gallagher vs Lynn* (1937) 3 all E.R. 598 the Act was not an interference with trade and commerce within the meaning of Section 91 of the B.N.A. Act. He also held the license fees were not taxes but in the nature of a service fee. Differing reasons for arriving at a like conclusion were given by the other two presiding Justices. With regard to interfering with trade and commerce, Mr. Justice MacDonald (p. 310 and 311) distinguished the case at bar from that of *Lawson vs Interior Fruit* above referred to inasmuch as it did not profess to operate extra-provincially.

An appeal from the Appeal Court of British Columbia has been taken directly to the Privy Council but even if the lower Court's finding is sustained it is submitted the problem of creating marketing schemes, such as many Canadian producers desire, and such as is in successful operation in the United Kingdom, remains unsolved. The commodities for which schemes are in operation in British Columbia are those in which the chief market is largely local. Were the commodity one where the chief market is inter-provincial or foreign, as for example in the case of grains, regulation and marketing schemes which would not operate beyond the boundaries of the province would be of little or no value."

I then quote a portion of Mr. Justice Turgeon's judgment in re Grain Marketing Act, already referred to, in which he points out that anyone in the province of

Saskatchewan has a civil right outside of the province as well as a civil right within the province, and that the province cannot pass an act which would prevent me, if I have a commodity in Alberta, from selling it to someone in Manitoba who wishes to buy it.

"Furthermore, it is quite conceivable the cost of operation might be such as to make it exceedingly difficult to call its imposition merely a license fee or a service fee.

It would appear, therefore, that the position after almost 20 years of legislating and referring the constitutionality of various acts of Parliament and of the legislative assemblies to the Courts, finds us exactly where we began, namely, no one knows how to draft workable legislation dealing with the regulation of grading, packing, storing and marketing of agricultural products, which will come squarely within the respective jurisdictions of the Dominion and the Provinces without the exercise of almost incredible caution. It is submitted therefore, that the respective jurisdictions of the Dominion Parliament and the provincial legislatures must be more clearly defined.

The government of the Province of Saskatchewan, on page 335 of its submission to this Commission, recommended an amendment to the B.N.A. Act which would make constitutional the type of enabling legislation which was attempted in the Livestock Products Act, the Natural Products Marketing and kindred Acts. They went further, however, than merely asking for such enabling legislation on the part of the provinces to be declared constitutional. They also asked by way of an alternative that a province be given power to delegate to the Dominion

any subject matter within its exclusive legislative control."

I was under the impression when I prepared this brief that they had suggested that the province should have power to pass enabling legislation, or the Dominion should have power to pass enabling legislation. They did not suggest the Dominion should have the power; they suggested as an alternative the province could delegate it to the Dominion.

"The Canadian Chamber of Agriculture believe if such form of constitutional amendment is adopted in connection with Provincial enabling legislation it is essential that reciprocal power on the part of the Dominion to pass like enabling legislation be also adopted".

That is, that either the Dominion or the province could pass enabling legislation.

"They further believe that even if the constitutional amendments asked for by the Government of Saskatchewan are granted, that in itself would not prove sufficient because of the necessity for clarification as to what is meant by the use of the words 'be admitted free' as used in section 121 of the B.N.A. Act."

Then I quote judgments which are no doubt very familiar to you, sir, and I will skip down to the middle of the page, to the Australian constitution.

"Section 113 of the Australian constitution is of very great interest in this regard, especially when it is remembered that by section 92 of that constitution trade and commerce are declared to be 'absolutely free' as between the States. Section 113 of the Australian constitu-

tion reads as follows:

'All fermented distilled or other intoxicating liquids passing into any State or remaining therein for use, consumption, sale or storage shall be subject to the laws of the State as if such liquids had been produced in the State.'

It is admitted a provision of this type but covering agricultural products, rather than liquors, would overcome the difficulty which all marketing boards apparently meet when confronted with paragraph 121 of the B.N.A. Act, while, at the same time, it would not interfere with the essential unity of Canada as a nation."

That is, sir, I take it for granted that no one would consider suggesting we should have legislation that prevents the produce in one province from being shipped into another province, and sold in that province. But I can see where a Milk Board, for example, handling the milk in the Fraser Valley in relation to the City of Vancouver, might be under a very serious handicap if milk could be shipped in from Alberta and not be subject to the same regulations of sale as the milk that is being sold in Vancouver by that Board. That is what I mean by this statement.

"Appended hereto is a brief sketch of the abortive attempts which have been made in Australia to enact constitutionally sound marketing legislation.

All of which is respectfully submitted."

I do not know whether the Commission would care to have me read the Australian matter or not.

THE CHAIRMAN: We can go through the Australian situation. The Supreme Court had, of course, held the legislation invalid, and they submitted it to the people

and the people refused to amend the constitution to make it valid.

MR.MILLIKEN: That is right, sir, they refused to amend it.

THE CHAIRMAN: Mr.Milliken, if there should be jurisdiction somewhere to deal with marketing, that is, deal with the whole subject, if that is desirable, is it not essential that it should be the Dominion? You see, your proposition would not cover the whole ground, it would deal with inter-provincial trade but it would not deal with foreign trade.

MR.MILLIKEN: My idea is this: If it were a commodity where there is foreign trade it would be of advantage to have it with the Dominion. If it were a local commodity, for example, such as the Fraser Valley Milk being delivered in Vancouver, it seems to me there would be a great advantage in the people of Vancouver being able to deal with a legislature in Victoria rather than deal with a Government in Ottawa. Now, I am using British Columbia as an illustration. I think that is true all over the Dominion; that if it were a local commodity there are great advantages in it being handled by a provincial board. If it is an export commodity I think I would agree with you, sir.

THE CHAIRMAN: Are you not going to have conflict? There is a possibility of conflict in legislation, if the Dominion has jurisdiction over certain commodities and the province has jurisdiction over certain other commodities.

MR.MILLIKEN: I would not suggest it that way, sir.

THE CHAIRMAN: Well, how would you deal with it?

MR.MILLIKEN: I would suggest they both be given the reciprocal authority, and then when the question

arose as to the wisdom of having it dealt with by the Dominion rather than the province, - well, neither can deal with it completely without the legislative authority of the other. So that there is no possibility, for example, of the province passing an Act which would be made use of if it should be a Dominion Act, and if the Dominion cannot pass an act which is going to deal with local sales without the assistance of the enabling provincial legislation. I suggest that rather than try to distinguish the commodities, - that cannot be done, you may be wrong in six months as to what are the right commodities, - that should be left to the legislation of the government at the time the legislation is being asked for, to deal with it.

COMMISSIONER MacKAY: Have you thought of a concurrent jurisdiction, as to the case of agriculture?

MR.MILLIKEN: Yes, but one thing I object to about concurrent jurisdiction, the moment you have jurisdiction where it is concurrent, from that time on the Dominion prevails. That is my own idea of it, sir.

THE CHAIRMAN: If the Dominion enters the same field and there is conflict, the Dominion prevails?

MR.MILLIKEN: Yes.

THE CHAIRMAN: Well, it is a very interesting suggestion, Mr.Milliken. Are there any questions you would like to ask Mr.Milliken, Mr.Stewart?

MR.STEWART: No, my Lord.

MR.MILLIKEN: Thank you very much, sir. I think I have given you a complete resume of the case.

THE CHAIRMAN: Yes, a very complete and valuable exposition of the market situation and difficulties, which have arisen. The problem is, the solution of it. Thank you very much. The brief will be exhibit 252.

EXHIBIT NO. 252 -

Brief presented by Canadian Chamber of Agriculture.

MR. STEWART: There are two briefs, my Lord, which it is suggested be merely filed in lieu of being presented. The first is The Committee of Calgary Builders and Suppliers. The brief deals largely with the incidence of taxation burden on real estate.

THE CHAIRMAN: Could you just state, - so we will know the general effect of the submission.

MR. STEWART: The general effect of the brief is the recommendation that all legislation as to debt adjustment, or moratorium type should be repealed as soon as practical.

(b) No relief lien should be given priority over first mortgage on farm lands or other real estate.

(c) Guarantee should be given to prospective mortgage lenders, under the Dominion Housing Act, or to all mortgage lenders, that no future legislation would affect the right of mortgagees under said Act.

(d) That the provision of Home Improvement Act be extended to include loans made for improving business property.

The brief also calls attention to the serious burden on real estate, and the effect on building trades of that burden.

EXHIBIT NO. 253 -

Brief submitted by Committee of Calgary Builders and Suppliers.

MR. STEWART: The other brief is that of the Calgary Unemployed Union. It is impossible, my Lord, to summarize in a few words the presentation in this brief. It covers a very wide number of topics, including the forms of relief, it recommends that relief projects be undertaken; it contains a criticism of the policies of the past which have resulted in great fluctuation in

demands for labour owing to the depression; it contains a long list of short sentences, each detailing a specific grievance.

THE CHAIRMAN: Does it contain recommendations at the conclusion?

MR. STEWART: No, my Lord, the recommendations are throughout the body of the brief. I cannot in a few words segregate them.

THE CHAIRMAN: We will have to read it to get the substance of it then. That will be filed as exhibit 254.

EXHIBIT NO. 254 - Brief submitted by Calgary
Unemployed Union.

THE CHAIRMAN: The Commission stands adjourned until tomorrow morning at 10:30.

--- The Commission adjourned at 4:30 P.M. to be resumed at 10:30 April 1st, 1938.

ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

REPORT OF HEARINGS

APR 1 - 1936

REPORTERS:

George Thompson
John Robertson
David Torry



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EDMONTON, ALBERTA, APRIL 1, 1938

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THE UNIVERSITY OF CHICAGO

PHYSICS DEPARTMENT

REPORT OF THE PHYSICS DEPARTMENT

1950-1951

CHICAGO, ILLINOIS

THE UNIVERSITY OF CHICAGO

PHYSICS DEPARTMENT

1950-1951

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ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

EDMONTON, ALBERTA, APRIL 1, 1938

The Royal Commission appointed to re-examine the economic and financial basis of Confederation and the distribution of legislative powers in the light of the economic and social developments of the last seventy years, met at the Court House, Edmonton, Alberta, on Friday, April 1, 1938, at 10.30 a.m.

PRESENT:

HON. CHIEF JUSTICE NEWTON W. ROWELL....CHAIRMAN

DR. JOSEPH SIROIS)	
JOHN W. DAFOE, Esq.)	
DR. ROBERT ALEXANDER MacKAY)	Commissioners
PROFESSOR HENRY FORBES ANGUS)	

Commission Counsel:

James McGregor Stewart, Esq., K.C.

Secretariat:

Adjutor Savard, Esq.	Acting Secretary
R. M. Fowler, Esq.	Legal Secretary to the
	Chairman of the Commission
Wilfrid Eggleston, Esq.	Assistant to the
	Secretary

FOR THE UNITED FARMERS

OF ALBERTA:

Mr. R. Gardiner	President
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FOR THE ALBERTA COOPERATIVE COUNCIL:

Mr. W. C. McKenzie	Representative
Mr. Russel J. Leve	Representative

FOR THE COUNCIL OF ALBERTA C.C.F. CLUBS:

Mr. Irvine	Representative
Mr. L. C. Hyndman	Representative

FOR THE WESTERN CANADA FUEL ASSOCIATION:

Mr. Lipsett	Representative
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Court House,
Edmonton, Alberta,
April 1, 1938.

MORNING SESSION

The Commission met at 10.30 A.M.

THE CHAIRMAN: The first brief this morning is that of the United Farmers of Alberta. This will be presented by Mr. Robert Gardiner, and Mr. Norman Priestly.

MR. R. GARDINER, President of the United Farmers of Alberta, was called.

MR. GARDINER: My Lord and Gentlemen:

" We are glad to avail ourselves of the opportunity to present to your Commission some considerations on behalf of the organized farmers of Alberta.

We believe these considerations enter into any findings with respect to the existing relations between the provinces of Canada and the Dominion.

We are convinced of the need and feasibility of a re-arrangement of those relations that would establish greater equity as between the various sections of the Canadian people.

It is not necessary to give an outline of the events that led up to Confederation. We feel sure that the members of the Commission are conversant with these events. May we express the view that taking into consideration the economic and social changes that have taken place since 1867, the Confederation pact, as translated into the British North America Act, with such minor changes as have been secured from time to time, has until recent years served the people of Canada exceedingly well. We shall endeavour in the course of this memorandum to outline some of the reasons why we believe some amendments to the British North America Act are

necessary.

Before proceeding further with our memorandum we desire to refer to the order of reference. The order of reference is contained in a minute of the Committee of the Privy Council, approved by The Deputy of His Excellency, the Governor General, on the 14th day of August, 1937, and numbered P.C. 1908. The reason given for the passing of this minute is a report dated August 5th, 1936, submitted to the Committee of the Privy Council by the Right Honorable W.L. Mackenzie King, the Prime Minister. Clause 1 of the report reads as follows:-- "

THE CHAIRMAN: It is not necessary, Mr. Gardiner, to read those clauses. We are familiar with them, so we will just go on, but the report can include them in the record.

MR. GARDINER: I continue to quote from the brief.

" That as a result of economic and social developments since 1867, the Dominion and Provincial governments have found it necessary in the public interest to accept responsibilities of a character, and to extend governmental services to a degree, not foreseen at the time of confederation." There follow five clauses which amplify clause 1. The matters related to in the report of the Prime Minister, justify the appointment of the Commission and the passing of the order of reference.

The Order of Reference contains four sections, the first section reading as follows:

1. That it is expedient to provide for a re-examination of the economic and financial basis of Confederation and of the distribution of legis-

lative powers in the light of the economic and social developments of the last seventy years.

Section 2 provides for the appointment of the commission and names the commissioners.

Section 3 instructs the Commission, without limiting the scope of their enquiry, to make a particular enquiry into the matters enumerated in clauses A, B, C, and D of this section.

Section 4 instructs the commissioners to consider and report upon the facts disclosed by their investigators.

This is a brief summary of the order of Reference. We regret that the resources of our Organization did not permit us to make a thorough examination of the important matters referred to in clauses A, B, C, and D of section 3 of the Order of Reference. In view of the submissions of several of the provincial governments and having regard to the fact that the Commissioners can obtain the services of those qualified to secure the information, we are content to present our submissions in general rather than in specific terms.

We are of the opinion that the necessity for some re-adjustment in the terms of Confederation is largely due to the economic and social developments that have taken place since Confederation. It could not be expected that the Fathers of Confederation would visualize the great changes that have taken place since 1867 in the machinery and processes of production, and methods of distribution. We have no hesitation in stating that in our judgment, the problems with which governments have been faced in recent times, are the direct result of the develop-

ment of the economic system. These problems are therefore a manifestation of the fact, that methods of bygone times will not fit in our present economic set-up, nor serve adequately present day needs. We must remember that the present economic system has only been in existence for about 170 years. Prior to that time we had what is called the feudal system wherein the main source of power for the production of wealth was human energy. With the exception of windmills and small water wheels the tools of production were such as could only be used by human power. Even under the best conditions it was only possible with many hours of hard work to provide the barest subsistence. A crop failure in one area meant starvation and death to many. It was impossible under the conditions then prevailing to transport food to where it was required from the more fortunate areas. Under feudalism, scarcity and extreme hardship was the prevailing condition of the masses.

The present economic system became possible through the discovery of how to use the power of steam to drive machinery of production. Had it not been for this or some similar discovery, the human race would still be depending mainly upon human energy for power. Later came the discovery of electricity and also the development of the internal combustion engine. The powers developed from these sources made possible the machinery and processes of production as we have them today. The result of the development is that we have passed from the age of scarcity to one of potential abundance. The paradox of today is, hardship and starvation in the

midst of plenty. This is the basic problem from which most of the other important problems arise. We cannot state with any degree of certainty the exact time when we passed from the age of scarcity to the period of potential abundance; suffice to say, that the depression of 1920 was an indication of what had taken place. There is no question, however, that the depression that commenced later in 1929 was due to the existence of a surplus of wealth that the present economic system could not distribute effectively. The explanation of this condition is quite simple; that is, all goods and services are privately owned, and on this occasion the consuming masses had no legitimate claims to the use of this surplus wealth under the present system. This condition was the important factor in causing the present depression and consequent unemployment.

After the discovery of how to use the power of steam to drive machinery of production, the progress towards the improvement of machinery was very slow, due primarily to the facts that:

1. The inventive genius of the people had not yet been developed.
2. There was not any large amount of surplus wealth available to pay for new machinery of production.

As the inventive genius of the people developed, and more wealth became available to pay for new plant and equipment, the development of the industrial system was greatly accelerated; so much so that it is safe to say that more industrial progress was made in the last 40 years than in the

previous 130 years.

We have now reached the point where we desire to express our opinion as to the reasons why we have "starvation in the midst of plenty". There is no question that we have in Canada the natural resources, plant and equipment, and labour that is capable of producing a high standard of living for the people of this country if fully used. It was estimated in 1928 and based on the price levels then prevailing, that every person engaged in the production of wealth, produced on an average \$4,000.00 worth of wealth per annum. Some produced more than this amount and some produced less, but the average was estimated at \$4,000.00. Having regard to the statement that every person engaged in production, produced on the average wealth estimated to have a value of \$4,000.00 per annum, and having regard to the concentration of wealth that we know exists, we are justified at this point in asking the question "how is it possible for a person to become the owner of wealth to the value of say a million dollars or more?" The answer to this question will be the answer to the present paradox, viz, "starvation in the midst of plenty". The answer to the foregoing question can be stated in one word "profit". Profit is described as being monetary or financial gain for which no goods or services of equal value are given in exchange. It is through profit that the concentration of wealth becomes possible. If every person received full value for goods produced and services rendered, the concentration of wealth would be infinitesimal. If it were not for profit, wealth

would be more evenly distributed; there would be no very wealthy people on the one hand or very poor people on the other. We have unemployment because it is not profitable to hire the services of the unemployed. If it were profitable to hire the unemployed there would be no unemployed, except those who are physically unfit for useful service. Our secondary industries are so organized through cartels, monopolies, gentlemen's agreements, etc. that generally speaking they do not produce more wealth than what can be disposed of at a profit. Our primary industries, including agriculture, are not in a position to reduce the amount of wealth produced at short notice, therefore the primary industries bear by far the largest percentage of loss caused by a depression.

We recognize that the present economic system has served a very useful purpose in developing machinery and processes of production necessary to provide a high standard of living for the masses. We are of the opinion however, that the system has passed the peak of its ability to adequately provide for the needs of all our people, and in this regard is now definitely on the decline. This decline may be almost imperceptible, indeed, may be arrested for a period of time for reasons readily understood. The outstanding evidence of the decline of the system is world wide unemployment. We believe that unemployment is now a permanent feature of the present economic system. All efforts to deal effectively with unemployment have failed; for the reason that those who have been charged with the responsibility of determining ways and means to

overcome unemployment have failed to discover the reasons why unemployment exists. You cannot efficiently deal with a problem unless you have a reasonable understanding of the events that created the problem; One more illustration in support of our statement that the system is on the decline. We desire to call the attention of the Commission to the tremendous increase in the public and private debt in the last 15 or 20 years. Not only has the increase in debt been phenomenal but the discouraging feature of the debt problem is the inability of the debtors with some exceptions, to meet their obligations. Legislation has been passed for the purpose of reducing debt and for the protection of debtors. While this legislation has been much appreciated by those affected, we have no hesitation in stating that in our judgment the type of legislation that we have mentioned is not a solution of the debt problem. Debt is a phase of, and, inherent in the economic system. We are of the opinion and support the contention that the system is a debt creating system. We will now proceed to give reasons in support of our belief that the present economic system is on the decline.

We have stated earlier in our submission that in the process of the development of the present industrial system new machinery of production, plant and equipment, etc., was paid for with the surplus wealth available. The term in general use to describe this surplus wealth is "savings". These savings represent that portion of wealth that those who have claims against wealth do not use or consume. These claims against wealth may arise

through the making of profit, or through the receipt of salaries or wages, etc. for services rendered. The important point, however, is that these savings representing surplus wealth were and are available for investment. So long as there was the opportunity for the safe and profitable investment of savings (surplus wealth) the system continued to function fairly well, but, when investment opportunities became limited a depression was inevitable. The important economic event in recent times is, that with the exception of Russia and parts of Asia, every country in the world has become industrialized; that is to say, there has been developed sufficient machinery of production, plant and equipment, etc., to provide a good standard of living for the inhabitants of these countries provided the instruments of production are fully used, and equitable methods of distribution of the wealth produced are employed. With the exceptions that I have mentioned, there are no new countries open for development. It is true that there are still some opportunities for the investment of savings; but the amount that can be safely and profitably invested is small in comparison to the volume of surplus wealth available. We have drawn to the attention of the Commission that we are convinced that it was through the medium of profit that the concentration of wealth was made possible. The result of this concentration of wealth means that a small percentage of the population own a large percentage of the wealth. Those who are the owners of capital wealth used in the production of new wealth, are entitled by law, to the ownership of the wealth produced. Through

the concentration of wealth the owners of capital wealth are entitled to new wealth in amounts greater than they are capable of personally consuming or using, therefore the surplus must be disposed of in some other direction. So long as the world was in the process of industrialization there was ample opportunity for the investment of surplus wealth, but with world industrialization practically completed the opportunity for investment of savings is negligible. The result of this development has been that the owners of industrial plant and equipment had to choose between two alternatives, either to keep on producing and pile up large volumes of goods that could not be profitably disposed of, or reduce production to the point where there would be no large surplus. They chose, generally speaking, the latter method with the result that we have unemployment. Having regard to what has taken place within the economic system in recent times we feel justified in repeating that unemployment is now a permanent feature of the system. When any system fails to provide gainful employment for the physically fit we feel further justified in stating that the system has passed the peak of its usefulness and is now on the decline.

We desire to expand our former statement in regard to the question of debt. A few years ago a committee of the House of Commons was charged with the responsibility of investigating the debt situation. The outstanding feature of the committee's efforts was a compilation of known and estimated debt in Canada. The total was between 12 and 13 billion dollars. At the same time the total material

wealth of the country was estimated at approximately 26 billion dollars. If these estimates are fairly correct then it means that the total debt is nearly 50 per cent of the total material wealth of Canada. We have drawn to the attention of the Commission the fact that legislation has been passed for the purpose of reducing farm debt and also for the protection of debtors. Governments who were responsible for the passing of this type of legislation were evidently impressed with the necessity of doing something to meet as far as possible, the problem of debt particularly as it affected the farmer. We are convinced that they acted not only in good faith but also with the hope that the blighting affects of debt could be overcome. In a few cases, this hope may be realized but in the majority of cases it can only be a hope and for the reason that debt is inherent in and inseparable from the competitive profit system. We admit that it is possible to transfer debt from one person to another but we are not satisfied that it is possible under the present system to substantially reduce the total debt by actual payment and for the following reasons. Debt is so inseparable from the present economic system that if by legislation or any other arbitrary method, all debt was wiped out in Canada today, by tomorrow we would have commenced to build up a new structure of debt that would eventually be as extensive and burdensome as it is now. Governments, companies and persons get into debt because they borrow and use goods and services that they cannot pay for at the time. This implies that, not only must there be those who need goods and services that

they cannot pay for at the time, but, it also implies that there must be those who have a surplus of goods and services that they cannot consume or use and are therefore willing to loan on terms and conditions determined largely by this, the creditor class. Conversely, there can be payment of debt only to the extent and ability of the creditor class to consume or use goods and services or, to secure safe and profitable investment for payments in settlement of debt that they cannot consume or use. To pay the total debt as estimated by the Committee of the House of Commons would mean that the creditors class would have to consume or use or find investment for 12 to 13 billion dollars worth of goods and services. Furthermore, that portion of payment invested, would have to be invested in channels other than in the creation of new debt. The important change in recent times in regard to the problem of debt, is that during the period of industrial development debts could be more easily paid, owing to the fact that the creditor class were in a position to find avenues for the investment of the surplus that they were unable to consume. With world industrialization virtually completed, these avenues are non-existent. Keeping in mind the steady progress of the concentration of wealth, we can readily visualize the impossible task of meeting our obligations in full under the present debt creating system. The present legislation will to some extent, protect the helpless debtor but it will never solve the problem. It cannot increase the consuming capacity or create the investment opportunities of the creditor class to

the point where debtors will have the opportunity of supplying their creditors with goods and services in amount equal to the total debt. An economic system based on equity and justice is the only hope whereby we can escape from the misery and degradation that accompanies debt.

THE CHAIRMAN: Do you come back to the subject matter of the introductory clause later on in the brief, Mr. Gardiner?

MR. GARDINER: Yes, I think so.

THE CHAIRMAN: Then I will leave my questions until later.

MR. GARDINER: I continue to quote from the brief.

" Significant changes in the modes of living of the people, and in the nature and extent of the social organizations which they create and use for thier purposes, have taken place. They have occurred gradually, keeping step with and largely arising out of the progressive changes of the economic system. Illiteracy is now rare in Canada. A measure of education in the liberal arts and elementary science has become the acknowledged right of every Canadian boy and girl. Schools, universities, churches, libraries, newspapers, magazines, radios, moving pictures, organized sport and facilities for travel, etc., have all played their part in developing a citizenry more conscious of their individual powers and potentialities and more capable of taking an intelligent and useful part in the interplay of community and national life. The demand for equality of opportunity is steadily growing. Aversion to a life of poverty, and insecurity is becoming more general and more acute. Comprehension of the poss-

ibility of greater enjoyment of culture, comfort, health and well-being is almost universal. It is our belief that a wise government; one approximating in any appreciable degree to Abraham Lincoln's definition "of the people, by the people and for the people" will see to it that economic and political arrangements, no matter how excellent when first devised or put into effect, which are now obsolete and stand in the way of progress and security on the part of the ordinary citizen, are changed and adapted to the times.

In making these statements we are not thinking in narrow or local terms and are not prompted by any sectionalist motives. While our statement is primarily in the interests and on behalf of the farming people of Alberta we believe that these considerations are of universal value. We advance them as applying to the whole Canadian scene.

Not less significant than the changes in personal characteristics and outlook on the part of individual citizens, are the new forms of social organization which have been effected. Skilled and unskilled workmen have succeeded in creating their trade unions and federating them into national and international groups powerful in industry. Business men and members of the professions have instituted and maintained boards of trade and chambers of commerce by which to combine forces for their mutual interests and through which to mould public opinion. Banking corporations, Dominion wide in their scope and tending through the years to become fewer and stronger, hold key positions in the nation's life. These and many similar develop-

nents which we will not enumerate make imperative the re-examination and readjustment of our national economy in the interests of the great primary industry of agriculture. Social and economic changes of the magnitude which we have discussed cannot be fitted into the framework of political arrangements conceived and ordered in a relatively primitive economy.

EXTENSION OF GOVERNMENT FUNCTIONS.

The economic and social changes to which we have referred have made necessary some notable readjustment of the functions of government. Doctrines of political economy, having almost universal acceptance in democratic states in the era preceding the discovery of the power of steam have proved untenable in the face of these changes. No government, whether set up and maintained by the people themselves under a democratic system, or imposed upon the people by autocratic methods, could continue to maintain that aloofness to the economic struggle which was laid down as sound political economy by Adam Smith and the laissez-faire school. To keep even a semblance of balance in the national economy it was necessary that governments should interfere with the natural development of capitalism, encouraging some elements and curbing others. Canada's development along these lines was slower than that of the older and more industrialized nations. At the time of Confederation provision was made for a degree of autonomy on the part of the provinces entering into union and for extension of self-government on similar bases to areas of the Dominion which would later be granted the status of provinces. This autonomy extended beyond such matters as education, health, maintenance

of law, building of roads, etc., into fields having to do more strictly with economic affairs.

The economic changes of the subsequent eighty years were in the very nature of things unforeseen; and we are convinced that the representations already made to this commission have clearly demonstrated the necessity of the federal government taking cognizance of those changes and of adjusting the political arrangements of the Canadian federation so as to make for efficiency in government and thus fulfill the intentions of the Fathers of Confederation in the constitution provided by them in the B.N.A. Act. We submit that changes and adjustments in the constitution, which have efficiency in government in view, cannot be effective unless the fact that we have passed from the age of laissez faire is admitted and kept in mind. The modern democratic state must provide social services adequate to the needs of a people who are no longer in possession of the means of production, whose trading activities are no longer direct and personal, and who are not now able to direct and control the transportation of goods they produce. The individual producers of Canada can look for assistance in securing equity in exchange of goods and services only to the governments which they have set up and which they maintain by the taxes they pay.

This principle has been admitted and made operative to a large degree. Free primary education, state supported hospitals, old age pensions, mothers' allowances, etc., are all new factors in the life of the Dominion, testifying to the belief of the Canadian people that social services of this nature

must be provided by the nation or community so as to reduce the harshness of the economic struggle in an age of mass production, world markets, and monopolistic control of finance, industry and commerce.

Similarly in respect to matters which come more immediately within the economic field. To encourage railway building and shipping and the development of the natural resources of Canada, successive governments of the Dominion have given great concessions. The basis of the wealth of many well known Canadian families and the present financial strength of many large Canadian corporations can be traced directly to concessions, privileges, monopolies, bonuses, tariffs and other forms of assistance and protection afforded, no doubt with apparent justification at the time, to certain individuals and groups active in the economic life of the Dominion in the early years of Confederation and since. We feel that the time has arrived in the development of a free people when the effect of these policies on the life and destiny of millions of our citizens must be evaluated; and the governments which they place in office from time to time, required to exercise that regulatory principle more in their favour, keeping in mind the basic principles of justice and equity. If national sovereignty and individual freedom are to have real meaning in Canada's future, the benefits and burdens of the economic and political activities of groups within the nation and of the nation as a whole must be spread more equitably among our people.

AGRICULTURE.

Emphasis has been rightly given already in submissions made to the Commission, to the important

place occupied by agriculture in the Canadian economy. Believing that this is generally conceded and that it will be readily admitted by the Commission, we do not propose to weary you with any recital of statistics or array of facts for the purpose of proving that contention. The importance of agriculture is beyond question.

We would draw attention to the fact that the men and women engaged in the basic industry and in particular those on the farms of Western Canada, have been in recent years subject to so great a variation of income from their annual labour as to constitute a serious threat to their well-being, and that of their families. The instability of farming as an occupation in Alberta and the Canadian West generally is well known. No people can create or maintain the economic framework for happy and contented lives while laboring for years under such conditions. We briefly enumerate some of the factors entering into this instability.

1. Climate. It is now well established that large areas of land opened a generation or so ago for settlement by grain growing farmers are subject to long periods of drought during which the returns for farming operations are, generally speaking, not adequate to maintain anything like a reasonable subsistence, for the working farmer. In addition to drought we have hail and frost, insect pests, plant diseases, weeds, etc. The long cold winters are a severe handicap to Western Agriculture. For six months of the year it is impossible to till the soil. From the time of the spring thaw to the fall freeze up it is a rush to keep up with land

cultivation requirements. Generally speaking the period in which land can be cultivated is too short to permit the western farmer to till the soil with the same degree of economy that is possible in a more temperate climate. Furthermore, our winters make it necessary to provide comfortable quarters for stock and also to stall feeder stock for at least six months of the year. Our winters require the farmer to spend substantial sums of money to provide heating equipment and fuel, in order to secure some degree of comfort in the farm home. We do not have to stretch our imagination to any considerable extent, to realize the disability under which the Canadian farmer operates in comparison to the farmers living in temperate countries. The products of Canadian farms have to compete in the world markets against the farm products of the other countries where the climatic conditions are more favourable. One or many of these factors enter into and seriously depreciate the value of the returns for the labour of the western farmer.

2. National fiscal policy. Canadian statesmen and successive parliaments of the Dominion throughout practically the entire period since Confederation, have sought to round out the economic life of Canada by fostering the establishment and development of industrial plants and commercial organizations. To do so the nation has maintained a more or less consistently high tariff policy.

The plant and equipment of Alberta and the other western provinces accumulated in the last thirty years has undoubtedly been purchased at much greater cost than would otherwise have been the

case because of the fiscal policy of the Dominion. The burden of paying for this plant, both public and private has had to be carried to a very large extent by this generation. National fiscal policies have not only increased the cost of the plant and equipment necessary to develop the natural resources of the province, but these policies have also increased all production costs, including and having particular reference to agriculture. The costs of producing agricultural products have been increased by past and present fiscal policies in Canada without giving to the farmer corresponding benefits to offset those increased production costs. It is true that there are duties levied against imported agricultural products of a kind similar to those produced in Canada, but the Canadian farmer only on rare occasions derives benefits from the imposition of these duties, for the reason that we have surpluses that must be exported, and the price received in the world's competitive market determines the price at which farm products are sold for home consumption. The Canadian farmer does not control the price that he receives for the products of his labour, he is therefore not in a position to pass on to the consumer the increased cost incidental to, and arising out of the national fiscal policy. Those who control the secondary industries are usually in a position to pass on to the consumer any increased costs due to tariff policy. Farmers form a substantial percentage of consumers and in a dual capacity, first in the farm home, and secondly as consumers of goods necessary to carrying on their occupation. The present fiscal policy is a tremendous

"fiscal policy is a tremendous liability to the Canadian farmer.

3. Transportation Costs. The income of farm families in Alberta is seriously affected by our distance from export markets. Perhaps the extreme case in illustration of that fact was provided in the fall of 1932 when the price of No. 1 Northern Wheat at Alberta points was such as to bring the farmer as low as nineteen cents a bushel. The freight rate remained constant in that year. It nearly equalled the amount netted by the farmer for No. 1 Northern Wheat at many points in Alberta. For No. 2 it was equal and in the case of the lower grades the freight haul costs to Fort William or to Vancouver greatly exceeded the amount received by the farmer. This rail haul cost factor enters similarly into the marketing of cattle and hogs or the meat products processed from them and into all other farm products whose marketing involves transportation to any great distance. On the other hand we have to meet additional costs on manufactured goods brought in from the industrial areas of the east or other parts of the world through long hauls and excessive freight rates. We live in an age of large scale industry. The modern equivalent of the blacksmith, the butcher, the tanner, the weaver, etc., does not live in or near our rural community and the costs of servicing the farmer, considered as either producer or consumer, are borne by the farmer himself. These costs are exceedingly heavy, as pointed out in the foregoing, partly because of his remoteness from commercial and industrial centres. His standard of living suffers thereby.

"Inasmuch as agriculture is essential to the Canadian economy we hold that freight rates on all commodities being shipped from the west or being shipped into the west should be on a parity with freight rates in eastern Canada. There is no justification for higher freight rates in the west as compared to the east, for the same service rendered. The excuse usually given for the higher freight rates in the west, is that there is water competition in the east and that there is no water competition in the west. Therefore this condition warrants a higher freight rate structure in the west. This excuse is insufficient to justify the discrimination that exists in freight rates as between the east and the west.

We are not unmindful that the western farmer receives a lower rate on export grain than is in effect for grain hauled for domestic consumption. But what of that? The railway companies have admitted that the Crows Nest rates on export grain are paying rates: that is to say the railways make money at these rates. In this regard we must not forget that the Dominion government paid over three million dollars in cash to one railway company for agreeing that rates on export grain should not exceed the maximum as enumerated in the Crows Nest rate schedule. The rates on grain at the time of entering into this agreement were lower than the maximum permitted under the Crows Nest agreement. Increased operating costs made it necessary for the railway companies to increase the rates on export grain. The important point to remember is that the present rates on export grain are paying rates. Crows Nest rates on export grain should

"not be used as an excuse for the continuation of discriminatory freight rates in western Canada. To ensure enduring relations in the Confederation there should be no discrimination against the west in any form.

4. Taxation. The rapid expansion of the Canadian west and settlement by a people who felt the need for social services has made heavier demands by way of taxation than men and women, who were engaged in the process of building farms and establishing themselves in communities, were able to bear. In view of the wealth created in western Canada in the course of the past forty years and the contribution made thereby to accumulations of wealth in eastern Canada it is felt that a revision of the whole taxation scheme should be undertaken with a view to a more equitable distribution which would bear less heavily upon the shoulders of the primary producers.

We derive some interesting figures on the problem of taxation from a study of rural taxation in Saskatchewan to which unfortunately we are confined because similar studies are not available in Alberta to our knowledge. We refer to the study made by Dr. W. A. MacIntosh and set forth in his work 'Economic Problems of the Prairie Provinces', published in 1935.ⁿ Dr. MacIntosh's studies cover the years 1920-21 to 1928-29. He finds that in all Saskatchewan rural municipalities in those nine years, the average total taxes paid per farmer amounted to \$129.29. The average holding of land per farmer being 394.2 acres. While undoubtedly the average farm in Alberta is not so large, and the average taxes paid not so high, there can be no denying the fact that taxes paid by

"Alberta farmers for schools, roads, numicipal hospitals, old age pensions, mothers allowances and the social service tax, all of which are a fixed charge on a farmer's variable income, constitute too great a proportion of that income.

We are not among those who regard the paying of taxes as an evil. Farmers' as a class, particularly in western Canada, where the developmont of social services takes place rapidly, have developed a personal interest in problems of taxation and are probably much more aware of the value received than are taxpayers generally in towns and cities, or in older rural communities in other parts of the world. Large numbers of our people migrated to Alberta from communities enjoying a high degree of civilization. Their inherited standards have prevented their descent to low levels of life under these pioneer conditions. It is a question however, how long this momentum of the past will carry us.

Representing the organized farmers of the province, we desire to stress the rapid increase in the number of taxes for different purposes, that are being levied against farm lands. It is true that these taxes are being imposed by the rural municipal authorities but it must be remembered that the land tax is the only source of revenue the municipality has to meet the demands made on it by the senior governments, for contributions to education, relief, hospitalization, old age pensions, mothers allowances and other social services.

Education, hospitalization, relief and local improvements, form the main part of the rural tax burden. Eighty to ninety per cent of the first two
(Page 6335 follows)

"are provided by a local tax on land. In pre-depression days this division of responsibility worked out fairly well but for many years almost every municipal unit in Alberta has had a proportion of its ratepayers on relief. Those on relief were not only unable to pay their share of the tax burden, but were receiving assistance from the municipality. Some of the results of this situation are:

(a) A sharp increase in the rate of taxation to offset uncollectable arrears.

(b) An almost complete nullification of any effective land settlement policy for the unemployed because of these threatening tax arrears.

(c) Recipients of relief are under the constant threat of having their land sold for tax arrears.

Taxes on farm land form a part of the production costs of agriculture products. It is through the sale of farm products that the average farmer provides the money necessary to pay the taxes levied against his land. The price at which farm products are sold very often determines the ability of the farmer to pay taxes. If the price at which farm products are sold is insufficient to cover all production costs, then some part of the reproduction cost must remain unpaid. It is customary for farmers who do not receive sufficient through the sale of their products to pay all production costs, to leave their taxes unpaid in the hope that the next year's operations will be more successful. That is to say, that taxes necessary to provide the social services that we have mentioned, remain unpaid for the reason that farmers do not receive sufficient in exchange for the products of their labour.

"At this point we will recapitulate some of the important factors that adversely affect the farmer's economic position. They are:--long cold winters, hail, frost, rust, insect pests, plant diseases, woods, national fiscal policy, high transportation costs, heavy taxation of farm lands, and may we add to these, higher interest rates on short and long term loans than the present condition of agriculture enables him to pay, unnecessary handling charges between producer and consumer, and last but by far the most important the improper price relationship between what the farmer has to sell and what the farmer must buy.

5. Price Relationship. Price relationship, or more properly speaking the value that one commodity has in exchange for another commodity, is of as vital importance to the farmer as it is to any other class of producers. We have already called the attention of the commission to the variability of farm income. It is true to say that more than one factor enters into the variation of farm income. The two most important factors we believe to be climate and exchange value. We have no control over climatic conditions, but one example of variable exchange value will be sufficient to demonstrate the necessity of some government action in regard to exchange values of agricultural products. In the fall of 1932 the price of No. 1 Northern Wheat f.o.b. Fort William dropped to thirty-eight and a fraction cents per bushel, while recently the price of No. 1 Northern wheat f.o.b. Fort William went as high as \$1.50 per bushel. How can agriculture be prosperous when as in 1932, the grain growers of the

"west produce an average crop of wheat and receive on the average less than 25 per cent of the cost of production at local elevators. Even if they had received the Fort William price without any deductions for freight and handling charges, the amount so received would still be less than 50 per cent of the cost of production. It does not add to the farmer's comfort or peace of mind, to draw his attention to present wheat prices when he has very little or no wheat to sell.

The Bureau of Statistics, Ottawa, at page 220 of the Canada Year Book 1937 estimates that agriculture produced 66.81 per cent of the total wealth produced in Alberta for the year 1934. At page 219 of the same volume the bureau estimates that the total net amount paid to all producers of wealth in Alberta for the year 1934 was \$178,043,420. The sum credited to agricultural production is \$118,952,566. leaving \$59,090,854. as representing the total amount of received by all the other classes of producers. It must be remembered that cost of production in 1934 had to be met out of the \$118,952,566. received by the farmers of Alberta. Having regard to the statement contained in our submission that the farmers do not on the average receive a proper exchange value for farm products, it can be easily understood how difficult it is for provincial and municipal governments to provide the social and other services the people expect, in provinces such as Alberta where agriculture contributes the largest percentage of the wealth produced annually. The variation of farm income, due in large

"to improper exchange value of farm products, is responsible for a lower standard of living for the farmer than the farmer is entitled to, by virtue of his contribution of new wealth for the benefit of society. The same conditions are responsible for the accumulation of farm debt. Should we not see to it that the farmer receives full exchange value for what he produces. Then the farmer can meet his obligations in full including payment of taxes necessary to provide the social services required. There would be no need for a moratorium, provincial debt adjustment legislation and the Farmers' Creditors Arrangements Act, if that were done.

Earlier in our submission we stated our belief that the economic and social problems of to-day arise out of and are inseparable from the present competitive profit system. We are convinced that there is no permanent solution to these problems within the framework of the present economic system. Believing as we do that the present economic system has served a very useful purpose, we have no hesitation in repeating that in our judgment, the system has passed the peak of its usefulness in providing adequately for the material requirements of the people, and is now on the decline. There is no hope that the system will automatically serve the people of Canada better than it is now doing. If the system is permitted to develop without intelligent guidance it will eventually develop into a dictatorship. A dictatorship is the logical and final development of the competitive profit system. The reason for the previous statement is that, when

"the concentration of wealth reaches a point where the mass of the Canadian people are impoverished, the only method by which the privileged class can continue to exploit the people will be through a dictatorship. The hope for the retaining of democratic ideals and institutions lies in the ability of the Canadian people to develop an economic system based on complete cooperation in production and distribution. If such a system is developed, exploitation through profit would cease and the concentration of great amounts of wealth would be impossible. The Canadian people will some day have to make a choice between these two alternatives. In the meantime we desire to make some suggestions that if given effect to, will tend to make less severe the harshness of the economic struggle.

Having expressed our conviction that the farming class in Canada and in Alberta in particular, need not look for a full solution to their economic problems, nor expect to receive and maintain a continuously satisfactory living on the farm, without fundamental changes in the social outlook and political expression of the people of Canada as a whole first taking place, we request your attention to suggestions as to ameliorative measures which may be, and in our opinion should be, undertaken pending that transformation of outlook. In our recommendations we do not attempt to exhaust the list of possible remedial measures. We are conscious of the fact that the minds of the members of the commission and those of a great many other citizens have been at work on these problems for some time. We believe that the experience of

"organized farmers developed and expressed in and through our organization the U.F.A., in the course of the last thirty years has value; and that the selections we have made, and the emphasis we give, should serve to direct the commission to a fuller understanding of these problems from the point of view of the western Canadian farmer."

"The following recommendations are not necessarily in the order of importance. We believe, however, that those which have to do directly with ensuring the farmer a greater measure of equity in the workings of Canada's economic machinery, should receive first attention. May we repeat that if the farmer receives economic justice, i.e. full value for his services and production in relation to other classes in society there will be less difficulty on the part of governments, municipal, provincial or federal, in providing for him and his family those social services which he requires and desires, and those to which in relation to other citizen groups he is entitled. We recommend that:

1. The Dominion Government should devise means to compensate the Western Canadian farmer for the disabilities under which he labours as a result of Canada's fiscal policy."

THE CHAIRMAN: Mr. Gardiner, would you rather we asked questions on these particular recommendations as you proceed, or would you prefer to read them first?

MR. GARDINER: I would be glad to answer questions, just as you wish, sir.

THE CHAIRMAN: -Take this first one. How do you suggest that problem could be worked out?

MR. GARDINER: Well, in the next paragraph we make this statement:

"We are not taking the responsibility of suggesting the form which such compensation should take. That responsibility should rest upon the Dominion Government whose fiscal policy is in part the cause of agriculture's disability."

We are leaving that matter to the Government to determine. We realize that industrial progress is based

on protection, and if we were to withdraw that protection we realize there might be a very serious disturbance in our economic life. We have come to the position, after forty years of free trade, that we are laying the responsibility on the Federal Government to devise the best ways and means possible to meet that contingency.

THE CHAIRMAN: You see, we have had the tariff problem presented to us in, I think, every province we have visited, as being an economic handicap to the people of that province. But the suggestion has always been that that should be recognized in some form in the financial relations between the Dominion and the province. You bring forward a new suggestion here; that it should be recognized by way of some subsidy or assistance to the farmer.

MR. GARDINER: Yes. Of course, the other suggestion would be better than nothing, - the suggestion that you first made I believe would be better than nothing, - an increased subsidy to the province. But that is not the important point. The important point is that the cost of production of agricultural products has increased by virtue of that policy, and because of that fact the farmer does not receive the cost of production. He has, therefore to reduce his mode of living or go into debt, or both, in order to keep on going, and the person who is aggrieved, the farmer, is the one who needs the compensation.

THE CHAIRMAN: There is no doubt that the farmers in the Prairie provinces and all through Canada have been through a most difficult and trying, and in some respects, a discouraging period, due to this slump in the price of agricultural products; but I was hoping you might be able to make some suggestion.

MR.GARDINER: We realize the magnitudde of the problem, and we realize that it probably would not be advisable, without having more facts at our disposal than we have at the present time, to make any definite suggestions as to how it might be done.

THE CHAIRMAN: Let me present another aspect of the situation to you, to get the benefits of your views, because I am asking these questions to elicit information. This province has been settled while a protective tariff has been in operation throughout Canada. Take the settlers from Ontario and Quebec and the Maritime Provinces who have settled in Alberta. They came here while a protective tariff was in operation; they came here, no doubt, because they thought they would improve the conditions under which they were living. That is equally true of those who came from the United States and Central Europe. Well, if they came here and settled under those conditions knowing the conditions when they came here, although the results may be disappointing, why should they be entitled to compensation as against anybody else?

MR.GARDINER: Well, the point I would suggest which might be considered by your Lordship is this: That the people did not know the conditions when they came here.

THE CHAIRMAN: They no doubt thought conditions would be better, but conditions have proved discouraging.

MR.GARDINER: The settlement from Ontario was very largely,--at least in my experience, when I came to this Western Country in 1902,--very largely brought about by the fact that the farmers down there who had families of boys and girls needed more land and could not afford to pay the price there, and knowing that in the West they could get cheap land. Of course, those people knew

the tariff duties were in force at that time, but take the people from other countries in the World, they had no idea of that at all, and I can assure you as far as the immigration literature I saw in London, England, is concerned, they certainly did not point it out.

THE CHAIRMAN: Take the people who came from the United States, they were living under a higher tariff than was in force in Canada. The people who came from Central Europe, they were living under conditions such that they deemed it in their interest to come to Canada and I should assume, notwithstanding the difficulties they have faced, they are in a relatively better position now than they were in their own country. I see the difficulty, but my only point at the present time is how do you make claim to personal compensation?

The people settled in this part of Canada, and at the time they settled a certain policy was in force. It has varied up and down somewhat but in its main features it is the same as it was then.

MR. GARDINER: We realize it presents great difficulties, that is why we do not make any direct recommendation, sir. There is another point which might be included in this discussion, while we are on it, and that is this: As far as the farmers of Alberta are concerned, at least our organized farmers, we want the cost of production. If we get cost of production we are satisfied. The tariff prevents us from getting cost of production, and that is detrimental to our interests, but having regard to the fact that we are entitled to cost of production, we do not care how we get it as long as we get it. We must have it if we are going to continue.

THE CHAIRMAN: Mr. Gardiner, is not the main difficulty the world prices?

MR.GARDINER: That is quite true, we are in competition with world prices. We have already stated that in our submission. At the same time, only occasionally do we benefit from the duties levied on agricultural products coming into this country. We realize that it is world competition prices we have to meet. If we were able to buy in the World market the same as we have to sell we would be satisfied.

THE CHAIRMAN: Suppose you had been able to buy in the World market, how would that have helped you in 1932? - Because the price of grain was so low in the World market that no farmer could possibly make a profit; he was selling at a loss.

MR.GARDINER: Yes, but still there is this point, that is, what he did have to buy by hook or by crook would be on a lower basis of price level.

THE CHAIRMAN: I am afraid he was not able to buy much that year, due to his limited returns.

MR.GARDINER: Yes, that is quite true.

COMMISSIONER MacKAY: There is a point on No. 1, Mr. Gardiner. Do you mean compensation to individual farmers, or do you mean compensating policies to help the agricultural industry?

MR.GARDINER: We do not care whether it is compensation to the individual farmers or to help the industry to get cost of production. We are not at all particular how it takes place, it does not matter one way or the other, as long as we can get cost of production. That is what we must have if we are going to continue.

THE CHAIRMAN: Is it your view, - perhaps you come to it later on, - that there should be a fixed price for agricultural products?

MR.GARDINER: We make a statement on that later on.

THE CHAIRMAN: Well, we will hear you when you come to it.

MR.GARDINER: Shall I proceed, sir, to the next one?

THE CHAIRMAN: Yes.

MR.GARDINER: Then, No. 2:

"The burden of taxation direct and indirect should be distributed more equitably and based upon the principle of ability to pay.

The principle adopted and followed by ancient despots (i.e. to levy taxes where they can be most easily collected) is still maintained in practice by modern democratic governments. We contend that it tends to be inequitable and unjust and falls very heavily upon the agricultural class."

That is a principle that all Farmers Associations have expressed as long as I have been in the country; taxation based upon ability to pay, whatever the ability to pay is there should the tax be levied.

THE CHAIRMAN: I do not think anyone seriously challenges that general proposition, - ability to pay and practicability of collection. It seems to be the general contention. Your contention is that it is not now based on the ability to pay?

MR.GARDINER: Not to the extent that it should be. In some directions, of course, it is. The income tax is.

THE CHAIRMAN: Well, take in the agricultural communities, do you suggest that the taxation there is not based on the ability to pay? I am speaking now of the local municipal service.

MR.GARDINER: Well, of course the local service, - the local taxes are levied by the municipal councils, that is under the control of the municipal councils,

and they have it within their power to collect local taxes and it is quite true that as far as that method of taxation is concerned it is fairly equitable, but that is only insofar as your local taxes are concerned, but taxes collected on behalf of the Provincial Government ---

THE CHAIRMAN: We must take it step by step. I am thinking first of local taxation. Even within that local field you do get up against this practical difficulty. Take a farmer who has a mortgage on his farm, and a farmer who is free of debt, the ability of the farmer who is free of debt to pay is greater than the ability of the farmer who has debts to meet, and yet you would not suggest there should be discrimination in that case?

MR. GARDINER: It all depends on the amount left with the farmer who had a mortgage to meet, - the amount left in his hands after he had met all his charges, as to whether he had the same ability to pay as the fellow who had no mortgage. It is the amount that is left on hand after meeting all those charges.

THE CHAIRMAN: Well, of course, he would not have as much left as the man who is free of debt.

MR. GARDINER: It all depends. There is a great variation in farm income even within a few miles.

THE CHAIRMAN: Take the provincial taxation, let us get the different rates. You say in the municipal field, taxes which the local municipal council levy, you cannot say that is unequitable. Take the taxation in the provincial field, what aspect of that do you say is unequitable, Mr. Gardiner?

MR. GARDINER: Well, there is not anything particular in that at the present time. Some years ago we had a Supplementary Land Tax, which has now been changed to a Social Service Tax. The Supplementary Land tax was a tax by the provincial government; it was first instituted to

take care of certain services for the returned men at the time of the war, and then it was made permanent for Government revenues, and in that regard the amount collected in our cities, towns, and villages, in the early years, and, in fact, up to quite a few years ago, was insignificant in comparison to the amount the farmers paid. But happily, we were able to get that particular thing cleared up so that it is not now effective. It may be of interest to the Commission, - I presume you have read something in the press with regard to new legislation introduced recently in the provincial legislature, where the provincial government proposes to levy a tax on production rather than on land, - now, I have not seen the text of the legislation so I am not in a position to determine its effect or make any reference to it, for or against it, but the principle has some merits. It all depends on the method, of course, in which it is applied and other considerations which may be under consideration. But it has some merits.

THE CHAIRMAN: Coming to the federal field, which of the federal taxes do you consider inequitable?

MR GARDINER: The tariff protection, that is most inequitable.

THE CHAIRMAN: Any other tax?

MR.GARDINER: We think the excise tax is too heavy on some things, but we are not so greatly perturbed over that as we are over the tariff. That is the tax that hits heavily the Western farmer.

THE CHAIRMAN: We are directed specifically to inquire into the equity of the present system of taxation. I am asking these questions in order to get the benefit of your views on it.

MR.GARDINER: I appreciate that very much, sir.

Then, No. 3:

"The freight rate structure of the Canadian railways and auxiliary or competing systems should be revised with a view to lessening transportation costs to and from interior areas such as Alberta and Saskatchewan, to the seaboard and markets in Canada.

In the early settlement of Western Canada, settlers located far ahead of existing transportation facilities. They did so at their own risks and had no guarantee of being served. A large part of a century has now passed and in view of the fact that the wealth they create is of commercial and social value to Canada as a whole surely transportation costs should be adjusted to meet their needs.

To have developed, e.g., the Peace River areas, and made possible thereby the production of great quantities of new wealth, should not indefinitely condemn the farmers of that or similar areas to paying prohibitive transportation rates to and from distant domestic or foreign markets as compared with rates paid by their fellow citizens engaged in agriculture in other parts of the Dominion."

THE CHAIRMAN: You, of course, appreciate from your long experience, Mr. Gardiner, that freight rates is a matter for the Board of Railway Commissioners. We are not authorized to sit in review on the freight rate structure as established by the Board.

MR. GARDINER: No, but the point, of course, representing a farmer organization, we have got to put these viewpoints forward because they are important to the industry. We appreciate the fact you have not to do with this question, but there may be a possibility you can recommend it to the consideration of the Board of Railway Commissioners.

COMMISSIONER DAFOE: Mr. Gardiner, have you given any thought to another aspect of the question; one of the railways in Canada is privately owned. A publicly owned railway can carry goods at a price less remunerative to them because the resulting deficit is taken over by the taxpayer. But let us suppose that an adjustment of rates on this basis should put the financial standing of a private railway in jeopardy, should they get subventions from the Dominion treasury, or what should be done about it?

MR. GARDINER: I would not like to go that far, Doctor, but it may have to come, there is a possibility it might have to come. The point that we are concerned about is this: Freight rates, having regard to the conditions that effect agriculture, is a very important factor in the industry, and we would like to see this matter approached sympathetically in regard to the needs of Western agriculture, because, after all, the three Prairie provinces depend very largely upon agricultural products for the sustenance of the people within those territories. It is going to be of some concern as to whether agriculture is going to function efficiently in Western Canada or not. If any agricultural system does not function efficiently it is going to be a very definite economic factor in the life of the Dominion.

COMMISSIONER DAFOE: The statement which you made earlier: "The Railway companies have admitted that the Crow's Nest rates on export grain are paying rates", I do not think is in keeping with the records. The railways rather challenge that claim, although the traffic returns show that when there is a big crop the net revenue is increased.

MR. GARDINER: Well, the reason I make that statement,

I make it without any hesitation at all, is because of the fact that I heard the C.P.R. officials say to the Railway Committee of the House of Commons that the Crow's Nest Pass rates were paying rates. I am taking their word for it.

THE CHAIRMAN: I suppose, Mr. Gardiner, it depends on the volume of traffic. In a good crop year each engine will haul a good load.

MR. GARDINER: It does not matter what the commodity is. If they make provision to haul 400,000,000 bushels, - that is, facilities, cars, and all the rest of it, and the crop drops down to less than 200,000,000 bushels, I would not say under those conditions the Crow's Nest Rate can be a paying rate, but with a better than average crop I am quite satisfied that it is, according to the railway's own admission.

Then, No. 4:

"Interest rates on long and short term farm loans should be reduced.

Farmers as a class must borrow. They are continuously expending capital in plant and equipment and in improvement of farm property. Their returns in Western Canada especially, are of necessity seasonal. Loans for buying and raising livestock, and loans to carry through spring and summer operations until after harvest are in the very nature of the business, excepting where reserves have been built up over a long period of time."

THE CHAIRMAN: How would you suggest that could be done, Mr. Gardiner? You cannot force financial institutions to make loans if they are fearful of the security.

MR. GARDINER: Well, that is quite true, sir. It is reasonable to say that ^{the withdrawal of} loans by the banks to farmers in Western Canada was based on the fact that they were

afraid of the security, and seeing today that they are paid up capital, the privately owned institutions are in just the same position as a farmer would be in who, running up against a depression does everything within his power to try and save his farm. The banks do the same thing. We realize, of course, that as far as the securing of cheaper money in the west is concerned, interest rates have come down somewhat in recent times, but there is no reasonable guarantee that if we happen to have a flutter in expansion, or something of that description that we will be able to get money at any where near the rates at the present time. But as far as I am personally concerned, I do not blame any institution, no matter who it is, whether it is personal or an institution, for not lending where the security is not adequate. There is no question in my mind about that. But I think there should be ways and means whereby a lower rate of interest than we have been paying should be within reach of the farmer.

THE CHAIRMAN: The question is, how can you get it, having regard to the general economic and financial situation. The loaning institutions feel that they cannot afford to loan at a lower rate, having regard to the security. You do not suggest that the Government should loan it?

MR. GARDINER: Well, I was just going to suggest there is no reason, seeing that Government bonds are about the only safe and dependable investment left to the average person who has money for investment, that the Federal Government could not be able to borrow money at very reasonable rates, which could be advanced to farmers on proper security, at a rate of interest which is even lower than at the present time, having

regard to the fact that government bonds is a permanent security and they are about the only avenue left for investment of any magnitude.

THE CHAIRMAN: Do you think that borrowers from the Government pay as readily as borrowers from private loan organizations?

MR.GARDINER: Well, I must confess, sir, that from anything I have seen in Western Canada, that borrowers from the Government do not seem to have the same interest in repaying as they would to a private organization. But for what reason? I dislike to bring this in, but it is because they allow politics to creep into it. I was born and raised in the Old Country, and when we owed taxes we knew we had to pay them. If we did not pay them we know what would happen. Furthermore, we have the experience of the United States to draw from. They have been very successful there with their land banks, and I think it would be well worth while if the Canadian Government would make some investigation as to the recent progress they have made there. I must confess that I have not been in touch with the progress they have made in the last three or four years, but before that I was in touch with it. I left the scene just when they had nicely got under way, or fairly well established.

THE CHAIRMAN: My impression is, Mr.Gardiner, - I am only speaking from what I have read in the press from time to time, - that during this period of depression the assets of the land banks were completely frozen, and the Federal Government had to come to their relief with very large subventions to enable the banks to carry on.

MR.GARDINER: Well, I can quite understand that, sir, because the margin, or the rate there is comparatively small, in comparison to the margin we have been used to in the loaning institutions in this country.

THE CHAIRMAN: If the banks had been left to ~~recover~~ their loans without any federal assistance they would all have been bankrupt. That is my opinion.

MR.GARDINER: Yes, that is quite true. Well, we would not like to see any policy adopted which would tend towards that condition, if we can avoid it. But nevertheless we feel we are paying too much for money, having regard to the price we are getting for our products. That is the main point.

COMMISSIONER DAFOE: Mr.Gardiner, is it not possible that if the Dominion Government went into the loaning business on the scale which you suggest, getting their money by the sale of debentures, that the rate of interest on the money loaned to the Dominion would rise?

MR.GARDINER: It would have that tendency, doctor. When there is a greater demand for ~~anything~~^{the} tendency is for the price of that ~~thing~~ to rise, but you are aware, of course, that the Dominion Government has loaned the Farm Loan Board of Canada different sums of money already, but I do not know whether in recent years they have sold any debentures for that Farm Loan Board, or guaranteed any for the Farm Loan Board; I have not been in touch with that situation.

COMMISSIONER DAFOE: The factors which you have mentioned in regard to private loaning companies would apply against the Dominion Government.

MR.GARDINER: Well, the credit of the Dominion is good, and there is another factor too, and probably a more important factor still; that there is a surplus of funds available, a large surplus available, and I am quite sure that if the Federal Government were to use its judgment in selling bonds for the purpose of getting cheap money to loan to farmers, on proper

security, if it was done judiciously there would be very little tendency for the price of money to rise, because there is always coming into circulation new money, new wealth, and it is possible that the new wealth coming into circulation is greater than the amount being put out of circulation by virtue of loans to farmers.

THE CHAIRMAN: Would it not be necessary, if such a scheme were to be successful, that the political considerations to which you have referred should be removed?

MR. GARDINER: Yes, I agree with that. There is no possibility of the farmers getting a service that they require in this regard if political considerations are given any control over the situation. None whatever. We admit that. Then, No. 5:

"The whole banking system of Canada should become the property of and be operated by the nation itself, with a view to providing for all classes of citizens banking service at cost.

It is essential to progress that Parliament should have full control over monetary policy. To have such control would make it possible to avoid any recurrence of the policy so ruinous to agriculture which maintained Canada's dollar at levels in relation to the United States dollar in the early years of the depression. Canada's exporting farmers were kept at a disadvantage in relation to the farmers of Australia and Argentine, selling their products at low world market prices but receiving their returns in terms of a dollar stabilized at or near pre-depression value levels".

The main point there is, we believe that the time has come when the banking institutions of Canada should be a service assumed by the Government just the same as the

post office, and that the people of Canada should get banking service at cost.

THE CHAIRMAN: There again, I think you would meet the difficulty that it is not feasible if political considerations should enter into the administration. It could only be run on a policy of sound business principles, with all political considerations eliminated.

MR.GARDINER: I quite agree with you, sir.

THE CHAIRMAN: Do you think it is possible, having regard to the state of public opinion in the country today?

MR.GARDINER: Well, I would like to try it.

COMMISSIONER DAFOE: Is not that a long term proposition?

MR.GARDINER: I do not hardly think so, doctor.

I think it is one of the first essentials in the welfare of Canada. I do not think it is a long term proposition at all. Of course, it might be necessary to spend some considerable time on working out the details and that sort of thing, that is quite true, but as far as the necessity for national banking and banking services at cost is concerned, it is right here now. We need it now. We would like to see it put on the same basis as the post office, without political interference. I know something about that. But the point is this: That it could just as well serve the people of Canada as the post office does. The post office service makes no profit. If there is a surplus in one year they give added service the next year to make up for the surplus the previous year. I am merely using that as an illustration, of course, But as far as the need for a nationalization of banking and control of monetary policy, I am quite

satisfied that the time is here now.

COMMISSIONER ANGUS: Mr. Gardiner, you link two things together which are perhaps not necessarily linked; the question of public ownership of the banks and the question of monetary policy, - with regard to the level of the dollar. For instance, the Australians do not own their banks.

MR. GARDINER: No, that is quite true, but they had some slight control over the banks. We have had the Bank of Canada now for two or three years, - only one year or nearly one year under Government control, - and I do not think that there would be any political consideration permitted to enter into the business transactions of the bank at the present time. However, whether there has been or not, I do not know, but I have not heard of any.

COMMISSIONER MacKAY: Is there not, however, a very great difference between the post office and the business of banking?

MR. GARDINER: Yes, you pay for what you get at the post office.

COMMISSIONER MacKAY: Yes, and further than that, the postman has no discretion about delivering your letters or taking your mail, whereas a bank manager must have discretion. There is great difficulty about a public ownership.

MR. GARDINER: I made that point to emphasize the desire for banking service at cost. I am going to be very frank with you. There should be no political considerations enter^{ing}/into any national banking system, if we ever have one, - no political control at all. We would expect our bank managers, those in charge of the national bank, to carry it on on a business basis. Personally, I do not think that anyone can expect to

secure loans from a national banking system without adequate security. There should be no looseness in that way at all, because if there is, it adds to the cost of the service through loss, and the other people who get the service will have to pay extra. So that as far as the actual practice of banking is concerned it must be carried on on an efficient basis, our bank managers seeing to it that on every loan they make, whatever it may be, proper security must be there, and that there is a reasonable possibility of all obligations to the bank being met. Now, that is the physical end of your national banking system.

COMMISSIONER DAFOE: With your knowledge of the way political factors work, do you really and honestly believe that you could bring about a system like that under present-day conditions?

MR. GARDINER: It all depends on the Canadian people. If the Canadian people say "Here, we want a real service organization", they will get it.

COMMISSIONER DAFOE: You would not want a banking system where the bank manager in a small city or a small town would distribute credit under the directions of a local committee?

MR. GARDINER: No sir,

COMMISSIONER DAFOE: That is exactly what you would get.

MR. GARDINER: I have more respect for our bankers than that, the bankers who are already in that line, who are handling the business.

COMMISSIONER DAFOE: It would be taken over by the people who have an opportunity to put them in.

MR. GARDINER: You would put in the people you have in the banking system now; they are trained for that work.

COMMISSIONER DAFOE: One of the complaints of our system now is that the local bank manager takes orders

from headquarters. I am talking now about the present state of political development in Canada. He is extremely apt to take orders, and there would be orders, and there would be orders based on the distribution of credit, - on the basis of security, on the basis of political consideration. I regret to have to say that, but that is my judgment based upon considerable dealings with the body politic.

MR.GARDINER: I am sorry to say this, doctor, that your opinion of the Canadian people is much lower than mine. Of course, I am just stating facts, sir, or what are the apparent facts.

COMMISSIONER DAFOE: I am stating what, in my judgment, is possible.

COMMISSIONER ANGUS: I understand, Mr.Gardiner, that you practically state a democracy could not very well have taxation in accordance with ability to pay, because the Government who adopted that policy would be unpopular.

MR.GARDINER: Well no, the statement I made was that Governments today have followed the line of least resistance very much as the despots of old, where they levied the taxes where they were easiest collected. I think that probably you gentlemen of the Commission know that it is always harder to collect from those who are well off, you might say, - they have probably more interest in their affairs, - it is far harder to collect from them than from the average person in the street.

There is another point, if I may deal with it, in relation to a national banking system. It is a very important matter, which refers to the question of the attitude of the Argentine and more particularly Australia

During the beginning of the depression, as you are probably aware, the Australian Government reduced the value of their pound; at the beginning, 25%, and it ran up as high as 30% at times, and that meant that the farmers, or those who exported goods, received pound sterling transferred from London on the basis of the Australian value of the pound in Australia, which meant a larger amount of Australian pounds than it would otherwise have meant. Now, we believe that in times of stress Governments sometimes have a duty in that regard, and we are of the opinion that if you have a national bank policy, and if we run up against conditions similar to what we had in the beginning of this depression, then it would be up to the Government to determine what the monetary policy would be, but any loss entailed would have to come out of the taxpayers and not out of the banking system. It would be a question of a government policy.

THE CHAIRMAN: Assuming in 1930 -1931 Canada had had control of her banking system, it is not improbable, is it, that the opinion of the then government of Canada would have been what it was, namely, that it was in the national interests to keep the Canadian dollar somewhere between the United States dollar and the English pound, because of the very heavy payments Canada had to make in the United States?

MR. GARDINER: That is quite true, sir; I think the then government realized that, but we were not at that time just in the same position as Australia. Australia owed all her commitments in London, and naturally when she shipped produce to London and got the pound sterling at the value there she could meet her commitments with the pound sterling rate in London, without any depreciation.

Under those circumstances they were in a favorable situation with regard to that particular type of policy. But Canada, on the other hand, owed very large commitments to the United States, and the point that arose in regard to the question of depreciation of the dollar, to favor the primary producers, was as to whether it was advisable to reduce the dollar to the point, where it would be of advantage to the producers by the reason of our commitments in the United States, and the Government at that time decided in favor of keeping the dollar as near par to the United States dollar, or between the United States dollar and the British pound, for the reason that if they had permitted the Canadian dollar to go down in value it would have meant that the Government and everybody else who owed interest and principal in the United States would have had to pay more. We admit that, and we know the circumstances, and as far as I was personally concerned I was not very critical of the Government policy, but at the same time it was a terrible handicap to our farmers in comparison to the Australians, against whom they were competing. But that is only one possible policy; there are other policies the Government might use.

THE CHAIRMAN: You have made a very clear statement of the situation, Mr. Gardiner.

MR. GARDINER: Then, No. 6:

"The Dominion Government should take steps to secure reduction of the price of farm machinery and repairs.

Farm machinery tends to become more complicated and more expensive. The business of making implements for the farmer has become a monopoly in the last twenty-five or fifty years. Small local firms can no longer successfully compete with big industrial

concerns in its manufacture. It is the strong conviction of great numbers of farmers that the price of implements necessary to farm production is completely out of line with the price the farmer receives for his products. If the Dominion Government cannot devise means to bring about greater parity in this most essential of price relations by securing the reduction of farm machinery prices and of the cost of repairs, it should enter the business of implement manufacturing taking over sufficient of the existing plant and equipment and serve farmers at cost."

THE CHAIRMAN: That is purely a question of Dominion Government policy. I am afraid the Commission is not constituted to advise them on matters of policy, Mr. Gardiner. We have a big enough task, without undertaking to advise the Dominion or provincial governments on that policy.

MR.GARDINER: We realize the importance of this. I have followed with some concern the investigation that has gone on with regard to the price of agricultural implements for the last two years by the special committee of the House, and it is very evident at the present time that very little redress is being secured. But it is a very important matter.

THE CHAIRMAN: An investigation is now going on, during the present session.

MR.GARDINER: To a certain extent, but I am not sure whether it is to the same extent as before. But we will leave that, and hope that you will do your best.

COMMISSIONER DAFOE: There is no doubt they will hear about this recommendation.

MR.GARDINER: I suppose they are hearing about it now.

"A thorough and comprehensive survey of the whole problem of farm rehabilitation should be undertaken by the Dominion Government without delay. The Dominion Government should accept full responsibility and a continuously expanding and permanent policy should be adopted by Parliament with a view to re-settlement of misplaced families, adjustment of agricultural operations in drought areas, use of available water supplies, etc.,

The Dominion Government was responsible for the policies which resulted in the settlement of Western Canada. The magnitude of problems of re-settlement, drought area relief, farm rehabilitation and use of irrigation is too great for provincial authorities under present limitations. These should be a national responsibility".

I would like to say, sir, that we appreciate very much what is being done in the dry areas of Western Canada by the Dominion Government. We are hopeful that the Dominion Government will not slacken its efforts at all, because we have a rehabilitation problem for farm families outside of the drought areas that really should be undertaken by the Dominion Government. I have always maintained that because of the fact the Dominion Government controls settlement in Western Canada, - and permitted a lot of lands to be occupied which were of the marginal or sub-marginal type, to the detriment of the farmers who occupied those lands, that the responsibility must rest on the federal authorities. We merely ask for, or suggest, an extending policy of the rehabilitation which is now in existence, to cover situations other than in the drought areas.

"Recognition should be given by both Dominion and Provincial Governments to the value of co-operative

institutions as a method of introducing the principles of equity and mutual aid into economic affairs, and suitable assistance provided for the forming and fostering of co-operatives.

We are convinced that in the development of co-operatives among producers and consumers there lies the possibility of securing for the people of Canada true economic democracy and the hope that we may avoid these extremes of dictatorship and bloody strife which have marred the life of so many other nations in recent years".

THE CHAIRMAN: We are to have a brief presented later today by the Co-Operatives.

MR. GARDINER: Well, we will then go ahead, sir.

"The Dominion Parliament should vote increased cash grants to those provinces where agriculture is a dominant economic activity.

The occupation of agriculture does not lend itself to the accumulation of great wealth, consequently the provinces whose citizens are chiefly engaged in farming are not able to derive the same proportion of revenue from income and inheritance taxes as are those provinces where industrial development is in greater proportion to farming".

The point there, sir, is this: Take for instance, the provinces of Alberta and Saskatchewan. As I have already stated in our submission, in 1934 the total production of agricultural products in Alberta amounted to 65.81% of the total wealth produced. In the province of Saskatchewan in the same year, it was somewhere in the neighborhood of 78% of the total wealth produced. Having regard to the fact, as we have intimated in our

submission, that on the average the farmer does not receive the cost of production, for the produce of his labour, you will readily realize how impossible it is for governments, which are serving provinces where agriculture is the predominant mode of wealth production, to give those social services which are secured in other provinces where industry is more prevalent.

(Page 6458 follows)

" The Dominion Government should bear all the costs of old age pensions.

We believe that an old age pension should be the right of every Canadian citizen as such; and that there should be no question of residence in this or that province or this or that municipality. We believe that the nation as a whole as represented in the Dominion parliament should steadily aim at lowering the pensionable age and increasing the amount of the pension."

COMMISSIONER DAFOE: That involves Dominion administration?

MR. GARDINER: It will be total Dominion administration if it was paid totally by the Dominion.

"11. Further aid to higher education, including bursaries and scholarships to colleges and universities and liberal provision for assistance to technical students should be undertaken by Dominion authority.

We greatly appreciate what has been done for rural young people under the Youth Rehabilitation Act during the past year. In a period of re-adjustment and transition in the economic affairs of the world any government worthy of the traditions of the British people will make very effort to encompass the welfare of young people upon whom the effects of economic dislocation fall heavily."

As we state there, sir, we appreciate very much indeed what has been done already and we merely suggest consideration of developing that policy from time to time to include such things as scholarships for entering colleges, universities and so forth..

" We now come to the part of our submission where

"We desire to make recommendations for the consideration of the Commission, relating to what we believe to be necessary amendments to the British North America Act. We have stated that until recent times, the British North America Act has served its purpose reasonably well. We believe that some amendments to the Act are necessary because of the changed economic and social conditions. Generally speaking the original act provided through Sections 91 that those matters that were of a national character were assigned to the control of the Federal Parliament, and those matters of local importance were by Section 92 of the Act assigned to the control of the provincial legislatures. In recent years we have witnessed the struggle that has been taking place between the Federal and Provincial Governments over the question of responsibility in regard to certain important matters. It is true to say that some of these questions were undoubtedly assigned to the jurisdiction of the Provinces by the Act but the provinces claim that these matters were ^{of} now/national importance and beyond the financial resources of the province."

COMMISSIONER SIROIS: What do you mean by "the provinces". The province of Alberta?

MR. GARDINER: No, I think all the provinces.

COMMISSIONER SIROIS: Oh, no, not all the provinces.

MR. GARDINER: I am sorry.

"We therefore suggest that the time has arrived when the British North America Act should be thoroughly overhauled and all matters of national importance assigned to the jurisdiction of the

"Federal parliament, and all matters of a local nature assigned to the jurisdiction of the Provincial legislatures. If, and when the Act is amended or revised we believe that great care should be exercised in the language used, in order that there will be no ambiguity that may cause friction between the Federal and Provincial authorities nor any question as to where the responsibility lies."

May I just say a word in amplification of the last two clauses. I am one of those, sir, who are convinced that the welfare of Canada depends to some extent, and to a very substantial extent, insofar as government matters are concerned, upon the ability of the various governments to co-operate successfully together and where there is any cause for friction, caused by any ambiguity in the British North America Act, that is in the language, as to who is responsible, that those things should be removed if possible. We realize of course that some of the matters that at the time of Confederation were purely of a local nature have now become national in scope and we will suggest later what to do with those. But the point we want to emphasize at this particular stage is this, that every possibility should be made to avoid friction between governments, federal, provincial and municipal so we will have greater co-operation in the affairs of government in Canada.

" We recommend that the British North America Act be amended so as to provide that the Federal Parliament shall have full legislative responsibility for and jurisdiction over the following:

1. Legislation for the purpose of setting up national marketing agencies for the marketing of

"natural products in or outside of Canada; the producers to have proper representation on the boards created for this purpose.

We believe that considerable savings in handling and other charges can be secured through such agencies. Furthermore speculation in natural products could be eliminated by such a policy."

THE CHAIRMAN: That is a marketing board that would in fact market the products?

MR. GARDINER: Yes, natural products, along similar lines to the National Board of Marketing, only we want to see it made effective, that is what we mean.

THE CHAIRMAN: Thank you.

MR. GARDINER: "2. For unemployment and unemployment relief.

Since confederation the Federal Parliament has had control over immigration. We believe that the authority that controls immigration should also have the full responsibility for unemployment and unemployment relief. Another reason! Some of the provincial and municipal governments because of limited fields for the levying and collection of taxes have been unable to meet in full their quota for relief."

THE CHAIRMAN: I think we understand that point quite clearly.

MR. GARDINER: All right, we will not take up any more time on it.

"3. Hours and conditions of labor.

There are two important reasons for this suggestion. At present provincial legislatures have control over hours and conditions of labour. It is reasonable to say that every province has a different standard

"on these matters. We are of the opinion that the working classes are entitled to a uniform standard of hours and conditions of labour throughout the Dominion. Our second reason is that we believe that unemployment is now a permanent feature of our economic system and if the Federal Parliament had control over hours and conditions of labour, it would be possible to devise policies to spread the available opportunities for work more evenly amongst those who require gainful employment."

THE CHAIRMAN: Your reason fully explains that.

MR. GARDINER: Yes, thank you.

"4. Having regard to the differences of opinion that exists, even in legal circles, as to the extent and nature of the legislation that may be passed by the Federal Parliament and the Provincial legislatures for the purpose of the control and reduction of debt, we suggest that this matter be carefully studied by competent persons with a view to securing such amendments to the Act as may be necessary to clarify the situation particularly as to the extent and nature of federal and the extent and nature of provincial control."

THE CHAIRMAN: Then you follow the next with interest rates.

MR. GARDINER: "5. We suggest a similar investigation into the question of the control of interest rates.

It is conceded that interest rates generally are under the control of the Federal parliament but there are those who claim that interest rates on agreements of sale, mortgages, etc., come under the

"control of the Provincial legislatures by virtue of the fact that a province has the exclusive right to make laws in relation to 'property and civil rights in the province'. We are of the opinion that interest rates that have their genesis in property and civil rights should be under the jurisdiction of the Provincial legislatures."

THE CHAIRMAN: You think both interest and principal in debt should be under the jurisdiction of the provincial legislature?

MR. GARDINER: Interest so far as it arises out of civil and property rights, not all interest payments. I would leave certain fields for the Dominion, that is all interest of a general nature, but when you come to interest that is part of an agreement of sale or a mortgage, it comes under civil and property rights, subsection 13 of section 91 of the British North America Act and then we think that should be under provincial jurisdiction.

THE CHAIRMAN: Thank you.

MR. GARDINER: "6. We strongly recommend that a new section be inserted in the Act guaranteeing to every person in Canada the constitutional right of free speech, free press and free assembly. The British North America Act is the constitution of Canada. We cannot conceive of an enduring Confederation if any provincial legislature is permitted to pass legislation that will have the effect of reducing the freedom of persons living in that province in comparison to the freedom enjoyed by persons living in other provinces."

THE CHAIRMAN: Your organization is in favour of a Bill of Rights, so to speak?

MR. GARDINER: Included in the B. N. A. Act.

THE CHAIRMAN: Inserted in the Constitution?

MR. GARDINER: Yes, sir that is what we mean.

" In conclusion, may we express our appreciation of the opportunity afforded our farmer organization to place these views before the Commission and through you before the people of Canada. The assembling and collating of information and opinions on public questions is undoubtedly a most important task. If our Canadian democratic institutions are to remain strong and to continue to serve us as a people they must be modified to fit into changing social and economic conditions. We feel sure that you, My Lord and Gentlemen, fully realize this and trust that in sifting the evidence and opinions presented to you, and in placing your findings on these weighty and important matters before the Parliament of Canada, you will give due recognition to the considerations which we have placed before you on behalf of the organized farmers of Alberta." All of which is respectfully submitted."

THE CHAIRMAN: Mr. Gardiner, so that we will have before us the body of opinion represented by this brief, would you tell us, in general words, how extensive your organization is in the province?

MR. GARDINER: It is not quite as extensive as it used to be, due to local conditions. Our membership last year was somewhere in the neighbourhood of between six and seven thousand. We have averaged, though, since we have been in existence, that is from 1909, our average membership has been fourteen and fifteen thousand. But of course there were many years when it was only a few

hundreds. But the point of importance is that it must not be thought, because our membership is only six or seven thousand now, that our influence is very much less. The fact of the matter is we think local conditions have occurred and that is keeping down our membership for the time being. You of course are aware of the conditions to which I refer.

THE CHAIRMAN: Yes. One other question, Mr. Gardiner, that I intended asking earlier. I thought perhaps you would come back to it. You state that your argument on the situation as to the decline or possible decline of the present economic system, and the importance of unemployment, is to be permanently eliminated by reaching a situation where the profit element will pass away. Is there any organization or society where the profit element would pass away unless you go to direct socialism; that is, would wholly pass away?

MR. GARDINER: The word socialism of course has very wide --

THE CHAIRMAN: I do not mean it in any offensive sense. I mean it in its true sense, socialization of all property?

MR. GARDINER: No, I would not go so far as to say socialization of all property. I have no use for socialization of property that is personally used, your home and all the things you use personally, but when you come to the instruments of production, more particularly those of our secondary industries, we are faced with this situation, that these are privately owned and that these industries have been built up over the years and employed fewer workmen through the fact that you have improved machinery of production. That has been a responsibility in part for some unemployment but not in whole, in my

judgment. The other part that has been responsible for unemployment is because of the fact there is not now any great opening for the investment of surplus wealth. So that we are faced with an alternative situation that we have to meet. And we suggest that under those circumstances such machinery of production, plant and equipment, as is necessary to permit the people to go to work to provide themselves with a living should be nationalized and that the profit motive eliminated altogether so that the persons working in that factory would receive full value for what their labour produced, always taking care of the depreciation.

THE CHAIRMAN: How about the farms?

MR. GARDINER: There is nothing wrong with the farming situation as far as I can see it. There is no necessity, in my judgment to nationalize farm lands. The farmer is in a different position altogether from the city worker. The farmer has the land, he has access to the land. Nobody is stopping him from producing. What the trouble with the farmer is, is the exchange value. If the farmer, under a co-operative system, got full exchange value there is no need to nationalize land except that land that may be held for speculation and is required to put more farmers on.

THE CHAIRMAN: But would not the farmer be influenced by the profit motive? Does he not operate his farm with a view to getting the best possible returns from it?

MR. GARDINER: He has to. If he does not, he will soon lose hope and he will not go on farming very long. He occupies it to get a profit out of it if possible. As a matter of fact we have lots of farmers that think they still make a profit, there is no doubt about that, but the fact remains that on the average they cannot do it. They

cannot do it on the average. But the point now is this, that if you take the profit motive out of production and let every person have full value for what they create, you will have a better standard of living for the worker, and we have got to find work for the unemployed by hook or by crook, and we cannot do it eventually for all time through taxation. It is impossible; it cannot be done.

THE CHAIRMAN: Thank you, Mr. Gardiner. Have you any questions Mr. Stewart.

MR. STEWART: No, my Lord.

THE CHAIRMAN: We are very much obliged for this important submission and it will receive our most earnest consideration.

MR. GARDINER: Thank you very much.

THE CHAIRMAN: The brief will be Exhibit 255.

EXHIBIT NO. 255: Brief of the United Farmers of Alberta.

THE CHAIRMAN: The Alberta Co-operative Council's brief is next, presented by Mr. W. C. McKenzie and Mr. Russell J. Love.

SUBMISSION

by

THE ALBERTA CO-OPERATIVE COUNCIL

MR. W. C. MCKENZIE: My Lord and Gentlemen:

" In making this presentation of views held in this province on current agricultural matters of importance, we are conscious of the fact that your Commission has already heard the representatives of a large number of primary agricultural producers' organizations in various sections of the Dominion. It is our desire insofar as it is possible to do so, to refrain from duplicating the submissions made to

"you by other farmer bodies. Nor do we wish to encroach unduly upon your time while in Edmonton, in pressing upon you our convictions, however vital these may seem to us, when these have already been sufficiently emphasized by other groups in other parts of Canada."

THE CHAIRMAN: If you do not deal with it specifically in the brief, Mr. McKenzie, would you tell us the extent of your organization in Alberta so that we will have it in mind?

MR. McKENZIE: It deals with it, sir in the brief.

THE CHAIRMAN: All right then, we will come to that.

MR. McKENZIE: " We are avoiding, therefore, statements as to our opinions of the need for, and the advantages of Federal marketing legislation as this applies to agricultural products. It is our understanding that organizations similar to our own in some of the other provinces have undertaken to acquaint you with the Western viewpoint on this important question, and, although the opinions of Alberta producers may not coincide completely with those held in British Columbia, Saskatchewan or Manitoba, we are content to rest our case for marketing legislation on the representations made to you by our fellow-producers in these provinces."

THE CHAIRMAN: That does not give us much light on the question of whether you favour Dominion or provincial power in marketing legislation. It may be that your organization has not formed a definite opinion on that and does not wish to express itself. If so, I do not wish to press it. When you say you leave it on the briefs presented, we have briefs presented both ways, some favouring Dominion marketing legislation, some favouring powers

of the province to enact full marketing legislation. If you are in a position to give us the views of your organization we would be glad to have them; if not, we will accept what you have said.

MR. McKENZIE: Well, I would much prefer, sir, to read the brief through and then I would be glad to answer any questions, if I can do so, that may be asked.

THE CHAIRMAN: Very well.

MR. McKENZIE: "POSITION OF AGRICULTURE"

" We feel confident too, that in the course of your sittings in the West you have had placed before you, in varied and graphic forms, the positions of agriculturists in the years of depression dating from nineteen hundred and twenty-nine. The situation in Alberta during these years in large measure, has been the same unenviable state of all agriculturists in Canada, and since we are confident the members of this Commission are fully seized with the significance of the economic stress under which our farmers have laboured we do not propose to here produce voluminous statistics in support of the statement that the years referred to have been extremely trying to the great host of farmers and farm families throughout Alberta.

COUNCIL REPRESENTATIVE BODY

A word is in order, we believe, respecting the nature of our organization and the position it occupies in the province. The ALBERTA CO-OPERATIVE COUNCIL is composed of various farm co-operative bodies engaged in the businesses of marketing farm commodities of all kinds, and the purchase and distribution of supplies for the farm. Currently there are twenty-five farm organizations holding

"membership in the Council. The memberships of these twenty-five farm bodies, in the aggregate, is fifty-five thousand, and when it is recalled there are some ninety-seven thousand farm establishments in Alberta, this Council can claim to be the vocal organ for the expression of an appreciable percentage of the farmers within our borders.

One section of our membership is interested in the marketing of wheat through the provincial pool organization. Another section includes the farm organizations interested in co-operative marketing of live stock. The dairy section of the COUNCIL is devoted to the interests of the farm people engaged in co-operatively marketing milk and cream, and the poultry section performs a similar service for co-operative poultry bodies. The purchase and distribution of farm supplies is the function of the membership in the fifth section of our COUNCIL.

May we therefore state that in submitting the following views, the directors of the ALBERTA CO-OPERATIVE COUNCIL, speaking with the complete accord of representatives of these bodies, are in a position to perform a useful service before your Commission; and may it further be added that in so doing, the directors of the Council feel they are fulfilling a service not only to your Commission but to Alberta agriculture, since it is only by a general understanding of, and appreciation for the agrarian problems of the day that solutions may ultimately be met.

DIVERGENT VIEWPOINTS

During the last two years there has been forced upon all students of agricultural trends in Canada,

"the conviction that in this Dominion there exists two distinct schools of thought respecting the problems of agriculture.

The first of these schools takes the stand that the State is the most efficient arbiter of those agricultural problems outside the realm of actual production. The followers of this school maintain that agricultural producers, in whatever field of production their labours may lie, can most effectively confine their efforts to production, leaving the establishing of policies respecting the assembly, grading and sale of these products to Government agencies.

During the past twenty years, and particularly since the economic reverses of the years following nineteen hundred and twenty-nine became apparent, there has been developing in the minds of the agrarian people throughout Alberta, a definite feeling of responsibility respecting the distribution of agricultural products. In these years, our farm people have seen their once extensive domestic and foreign markets seriously curtailed, and they have learned the true meaning of the word 'surplus' in its relation to farm products.

In the years preceding nineteen hundred and twenty-nine, 'surplus' as applied to a farm commodity was largely an abstract term. Since nineteen hundred and twenty-nine, 'surplus' has become a spectre hovering above prices which too often represent actual cash losses in production.

PRICE LEVELS KEYED TO SURPLUSES

It has no doubt been realized by the members of the Commission from the representations made before

"them during sittings elsewhere, that the creation of surpluses of farm commodities, whether these have been large or small, have reacted disastrously upon the entire price structures of such commodities.

With the exception of wheat and wool, we have no burdensome surpluses in our Canadian agricultural economy.

Our production of lamb and mutton is approximately equivalent to the Canadian consumption of these products.

At this particular time Canada is importing some butter to meet her domestic demand. In the course of every normal year of production, however, a surplus of butter is created at some season, and this surplus must find a market or markets abroad.

With the extensive British market open for our bacon, Canadian producers have little fear of an over-production of hogs.

A distinct surplus of beef cattle has existed for a number of years but the percentage of the total production represented by the surplus is not large, being generally rated at approximately ten per cent of the whole.

Agricultural producers therefore feel, that while their economic position must be influenced by the attitudes taken by countries importing Canada's agricultural commodities, the situation need not be as serious as it has been in some years. There is a constant and reasonably steady demand within the boundaries of Canada for all products of the farm and ranch, and the officers of the ALBERTA CO-OPERATIVE COUNCIL are of the opinion

"that insufficient attention is given the protection of the Canadian market in behalf of the Canadian agricultural producer.

SHEEP INDUSTRY EXAMPLE

In the years leading to nineteen hundred and thirty-one, the sheep industry of the West, in common with other live stock and agricultural industries, was at an extremely low ebb. Exceptionally low price levels became the rule, and as a result many sheep ranchers and flock owners liquidated their holdings in whole or in part.

It may be pointed out that in the period mentioned, and in larger degree since that time, Governments have been actively advocating the use of sheep as a means of utilizing sub-marginal lands and assisting in the rehabilitation of drought areas in the West.

The situation became so drastic in nineteen hundred and thirty-one that the government of that day was asked by sheep producing interests to establish a protective duty of three cents per pound against lamb and mutton entering Canada from New Zealand and Australia. In their opinion, the low economic status of the sheep industry in no small part was due to the competition the home grown lamb and mutton had to meet from overseas.

The government of the day acceded to the request of the sheep growers and placed a protective duty of three cents per pound on imported lamb and mutton. This had the immediate effect of arresting, and finally eliminating, almost completely, the flow into Canada of the competitive products.

" In this connection, the following statement of imports from Australia and New Zealand is of interest.

Do you wish me to read it?

THE CHAIRMAN: No, you need not read it; we have the figures before us.

MR. McKENZIE: Thank you.

" As result of the protection afforded their domestic market, the men engaged in sheep ranching and in fattening lambs have been able to rescue their industry from the serious depths to which it had fallen in nineteen hundred and thirty-one, and today the businesses of growing and fattening sheep and lambs is looked upon as again satisfactorily profitable.

SUDDEN REVERSAL

Without warning of any kind and with an absolute minimum of publicity even after its action was decided upon and became effective, the Federal Government saw fit as at October first, nineteen hundred and thirty-seven, to reduce the duty on imported lamb and mutton from three cents to one-half cent per pound. Overnight the protection afforded the sheep grower was reduced by eighty per cent.

It is true that to date there has been no great change in the prices paid to producers for sheep or fat lambs. This is largely due to the fact that importations under the reduced duty from the Antipodean countries have been exceedingly light. It is anticipated, however, that with the coming of spring, the period in which Canadian fat lambs are normally marketed, there will be an increase in

"imports of the competitive product, and Canadian sheep producers fear a return of the disastrous conditions which faced them in the years immediately preceding nineteen hundred and thirty-one.

In their opinion, the action of the Federal Government is so drastically reducing this protective duty without warning to or consultations with the affected primary producer interests, was unjust and could have been avoided.

BEEF INDUSTRY THREATENED

The situation respecting the need of the beef cattle industry for consideration in the establishing of trade treaties, is also worthy of the attention of members of this Commission.

From its establishment in the early days of settlement, Western Canada's beef animals used in the breeding herds of ranches and farms has been persistently sought, and the growth of the industry together with this constant endeavour to improve the quality of the animals raised, has resulted in the prairie provinces becoming the Dominion's chief area of supply.

It is generally conceded that Western beef cattle, particularly those originating on the open ranges, possess health, vigor, conformation and desirable fleshing unsurpassed by similar animals in any section of the world, and with these qualifications, Western Canadian cattle have long dominated not only the domestic market, but those foreign sales places to which they have penetrated."

THE CHAIRMAN: I presume later in the brief you relate this to the subject matter before us? We have no jurisdiction to pass upon policies either Federal or Provincial,

which do not touch either taxation or Dominion-Provincial relations. This policy as to beef, sheep and cattle is a Federal government policy upon which we are not authorized to make any recommendation. How do you relate it to the subject we are called upon to deal with - Dominion-Provincial relations?

MR.McKENZIE: I take it, to begin with, it is a Provincial matter - it finally develops into an inter-provincial matter and finally to a Dominion matter itself.

THE CHAIRMAN: If it is only a question of public policy, wise or otherwise, we have no jurisdiction to deal with it, beyond the scope of our reference. How does it touch the relations between the Dominion and the provinces?

MR.McKENZIE: I am particularly interested in submitting to this Commission the beef cattle situation, the lamb situation and the live stock situation generally, as it applies to Alberta particularly, as a provincial matter. It is hard to discuss it without finally going beyond that scope, because the exporting of this product is general throughout Canada and it has a relation in other provinces and becomes finally a national problem.

THE CHAIRMAN: Well, read on.

MR.McKENZIE: Pardon me, after I finish the brief I would be glad to deal with each one of these and give what information I can to you.

THE CHAIRMAN: Yes, but my difficulty at the present time is to see how it falls within the scope of our reference. The only problem is, not that it is not of great importance to the farmers and stock-raisers of Alberta, but whether it is something that falls within the scope of our reference, with regard to which we have any power to make any recommendation. You heard what I pointed out to Mr.Gardiner, when he came to matters that related to government policy. I

pointed out to him we had no jurisdiction in connection with it.

MR. McKENZIE: Let me see where I was now --

THE CHAIRMAN: You were mentioning the matter of beef cattle surplus.

MR. McKENZIE: Yes.

" Yet in spite of the proud production record to which the industry has been lifted over the years, it is at present insolvent. It has been in a state of insolvency for several years. Here then, is a problem that must be earnestly studied, and solved if the impressive contribution to the general agricultural economy of the Dominion made by the Western Canadian beef cattle industry is to be maintained.

The problem involved centers entirely on the question of distribution. The only hope of beef cattle producers in the West lies in the securing of adequate markets for their product and the securing from these markets by the producers, of value in excess of the costs of production.

CATTLE SURPLUS SMALL

Those who have studied the Canadian beef cattle situation, particularly during the past ten years, are agreed in the conclusion that a surplus exists approximating ten per cent of the production. It has not been possible to establish a channel of consumption in the domestic market for this ten per cent surplus.

As a result of this situation, the endeavour for some years has been to secure an outlet for the surplus. During the years nineteen hundred and twenty-nine to nineteen hundred and thirty-three

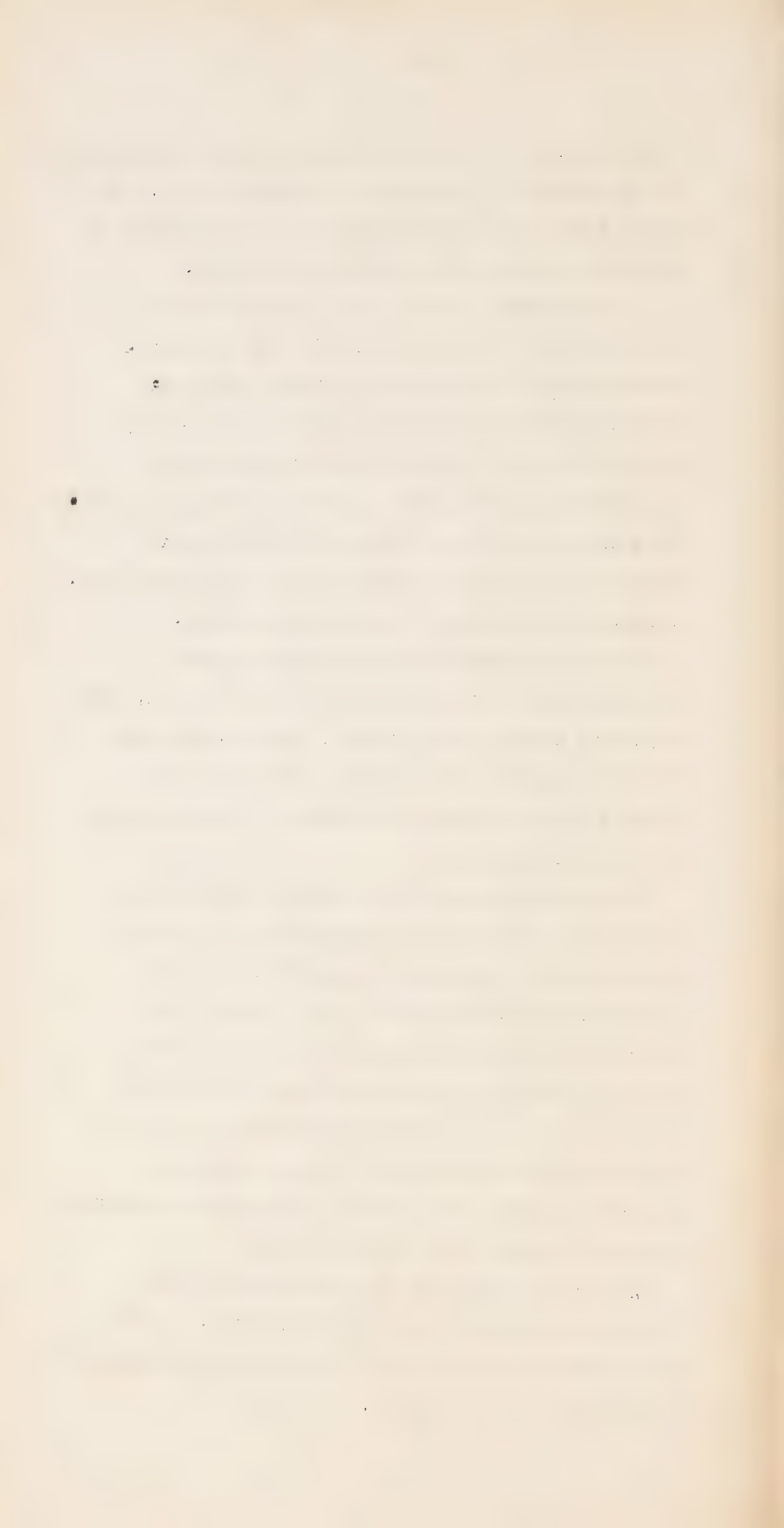
"inclusive, the situation was considerably alleviated by the export of live cattle to Great Britain. In these years, the United States outlet was closed to Canadian producers by a prohibitive tariff.

It was found, however, that the movement of cattle to Great Britain failed in its objective. Producers had hoped that the Law of Supply and Demand would function with respect to the ninety per cent of their cattle offerings absorbed in the domestic market, but experience definitely showed them that the prices returned for the limited volumes sent overseas established the domestic price, irrespective of supply and demand in Canada.

It may be pointed out that the net prices obtained from overseas shipments was often low. The objective behind these exports; namely, the hope that the removal of the small surplus from the country would strengthen the tone of the home market was entirely defeated.

The situation changed in nineteen hundred and thirty-five when drought conditions in the United States and the consequent liquidation of large cattle holdings resulted in short supplies and rapidly mounting values in that country. These made it possible for Canadian shippers of cattle to surmount a three cent per pound duty in order to enter the American market. Overseas shipments dwindled rapidly and attention became almost entirely focussed on the United States outlet.

Ability to market in the United States gave individual shippers considerably benefit. It was also found that this benefit was reflected throughout the entire domestic market.



" Similar situations prevailed during nineteen hundred and thirty-six, and again in nineteen hundred and thirty-seven. Continued drought in United States maintained relatively high price levels. Reduction of one cent per pound in the duty against Canadian cattle gave added impetus to the export movement.

PRICE LEVELS REDUCED

With dramatic swiftness the situation has again altered. In these early days of nineteen hundred and thirty-eight, prices on American markets have returned to a basis of pre-drought normalcy. The reduction of one cent in the tariff against Canadian cattle, attractive though it was at the time effected, is not now a factor in making it possible for Canadian cattlemen to dispose of their surplus production across the Border. Returns to producers after paying the tariff levy and selling on current market levels in the United States are of ruinous nature.

Cattle marketing history is repeating itself. As was the case when Canadian producers were endeavouring to dispose of their small surplus overseas, cattlemen are again in a position in which their returns from sales for home consumption are a reflection of the bankruptcy price levels obtained when they seek an outside market.

CRISIS IS IMMINENT

This situation cannot indefinitely continue. One of two alternatives must be established. Either the cattle industry must secure an assured and profitable outlet for the annual surplus, or wholesale liquidation of long established, superior herds

"with the consequent loss to our agricultural revenue, will shortly be seen.

Re-establishing of our beef cattle industry involves the entry into the United States, with reasonable duty levies, of a volume of cattle which viewed from the total consumptive demands of the American people is negligible. The United States market is the only natural market for Canadian cattle, particularly those from the West.

On the ability of our cattlemen to enjoy a small share of the American live cattle trade rests the future of their important industry. It is not an unreasonable request then, to ask that producers of cattle be permitted a voice in the conversations leading to trade treaties with the United States, that they may urge the granting of such import concessions as may be necessary to permit the relatively modest, yet imperative export of live cattle.

OIL IMPORTATIONS DAMAGING

With the shrinkage of annual revenue from wheat production during recent years, it has become more and more imperative that the live stock industry in the West should have opportunity of playing a wider part in the maintaining of our agriculture. And if animal husbandry on the farms and ranches in the West is to be profitable, and, in certain sections with some classes of live stock, expanded, protection must be given primary producers, not alone in the sale of their animals for meats, but also in the disposition of the by-products of animal carcasses.

There has been building in the Dominion, during the past few years, tremendous competition against certain

"of these by-products; that is, fats and oils, through the importation into Canada from foreign countries of vegetable oils.

The manner in which these importations have grown is indicated by the following tabulation:

Annual Imports of Vegetable Oils for Years
Ending March 31st.

1933.....	84,112,414 lbs.
1934.....	116,107,580 lbs.
1935.....	148,729,065 lbs.
1936.....	195,626,838 lbs.

One of the leading products made from these imported vegetable oils is domestic shortening, and that the production of shortening from imported products is keeping pace with the importation of vegetable oils is readily shown by the following:

Shortening Production, Calendar Years Ending
December 31st.

1932.....	61,001,798 lbs.
1933.....	67,655,027 lbs.
1934.....	88,375,478 lbs.
1935.....	103,798,254 lbs.

Were sales of shortening on the basis of the years prior to this tremendous increase in vegetable oil imports, one of the by-products of hogs and beef would find a wider market than at present. It may be pointed out that the countries from which these vegetable oils are imported; namely, India, Egypt, China, Nigeria, Straits Settlement, British Malaya, Philippines, Ceylon, Islands of South Pacific and Africa, are countries in which native labor is mainly utilized at low costs.

The primary producers of Canada interested in this question have submitted their views to the Dominion Tariff Board. They have been heard by that Board with sympathy, and it has been suggested that further representations should be prepared

"particularly with respect to the actual displacement of Canadian animal fats by imported vegetable oils.

FEDERAL STATISTICS UNRELIABLE

A survey upon which to base such a further presentation is now under way and in due course will be concluded and placed before the Board concerned.

Without desire to preempt the field of that survey, or of the Dominion Tariff Board in its investigation of this question, we can state definitely before the members of this Commission that the importation into Canada of vegetable oils in the tremendous volumes cited, is definitely supplanting a product of Canadian farm origin. We refer to dairy butter.

Federal Department of Agriculture statistics continuously record our annual dairy butter production at one hundred million pounds. We challenge that record, and we know of no recent survey, the results of which can support it.

It is our experience, and we make this statement fully confident investigation will prove it correct, that Canada's production of dairy butter is considerably less than the one hundred million pounds credited by the Dominion Department of Agriculture.

The Federal estimate of one hundred million pounds of this product was undoubtedly fully justified some years ago. The drop in actual production of dairy butter is to a great extent attributable to the bringing into Canada of foreign

"vegetable oils, and the processing of these into competitive products.

The gravity of this situation demands that we emphasize to the members of this Commission our view that the only hope for an adjustment which will give producers encouragement to continue production, and, through their production contribute to a more satisfied society within the Dominion, lies in the establishing of trade treaties fair to Canadian agriculture.

HOG GROWERS NOT CONSULTED

We have made mention of our shipments of hog products to Great Britain. The hog producers of Alberta in common with those of all other parts of the Dominion, appreciate to the full the benefit of concessions given by the Imperial Government in this connection. At the same time, we would respectfully point out that when the trade agreement which covered our protection in the British market for bacon was negotiated, the industrial section of the live stock industry had an adequate voice in same. The producers of the product had no voice whatever.

Beneficial though the agreement with Great Britain has been respecting bacon, the situation which has existed in relation to the price paid for the live hog as compared with the price of the Wiltshire side of bacon in Great Britain, on occasion has been such that producers have viewed their portion of the benefit of this trade with dissatisfaction, and that of other interests with suspicion.

Before hog producers in Alberta are satisfied to continue their production on the scale demanded

"by the Federal authorities in order to fill commitments in the British market, they must be given an adequate voice in the establishing of future trade agreements.

PRODUCER RECOGNITION ASKED

As agricultural producers, we fully realize we are presenting only one side of the problem of negotiating trade treaties. We do wish to emphasize, however, that in our opinion, unless the full situation respecting our various agricultural industries is fully realized by Governments, and the effect on agriculture of those treaties is fully seen by our administrators, there is grave danger of placing impossible handicaps in the path toward the return of normalcy in Western Canada.

The situation with respect to beef cattle, the sheep industry, animal fats and oils, and hogs are of such importance to us as agricultural people and to the economy of Canada, that we consider it fully warrants the discussion between Governments with producer representatives of any trade treaties that may affect it prior to such trade treaties being negotiated.

And to the end that our primary agricultural producers may be permitted to play their full part in restoring to Canada the satisfactory economic position she once knew, and to our Western people the content they have lost in recent years, we respectfully urge that this Commission include in its recommendations to Parliament, provisions for the recognition by governments of agricultural opinion on questions as vitally affecting primary producers in agricultural as those herein set forth.

Respectfully submitted,"

THE CHAIRMAN: Thank you, Mr. McKenzie for your submission. I would suggest you submit the matter direct to the Dominion Government. The brief will be considered with the others when we come to deal with them.

EXHIBIT NO. 256: Brief of Alberta Co-operative Council

THE CHAIRMAN: We will now adjourn until 2.30.

(Page 6490 follows)

AFTERNOON SESSION

The Commission resumed at 2.30 p.m.

THE CHAIRMAN: The next is the brief of the council of Alberta of the C.C.F. clubs, which will be presented by Mr. Irvine and Mr. Hyndman.

SUBMISSION BY

COUNCIL OF ALBERTA C.C.F. CLUBS

MR. IRVINE: Mr. Chairman and Commissioners: Our brief, as you will observe, falls very naturally into two sections. One deals with economic questions which we think are affected in this province by the national policy, and the other deals with constitutional matters which we think will have to be adjusted before some of these economic questions can be settled. I propose to draw your attention to the first part of the brief dealing with economic matters, and Mr. Hyndman, will, with your permission, present the other section dealing with legal phases.

THE CHAIRMAN: That is quite satisfactory, so long as there is no overlapping of time or services.

MR. IRVINE: We shall endeavour, sir, to guard against that. I presume that the great body of data upon which your commission will make its recommendations has already been presented. I cannot imagine any new fact in that situation which we could possibly bring to your attention. We come in at a time, as it were, when the crop has been taken off, and we have to rake up to see if there is a wisp of hay left around, here or there, to be picked up.

THE CHAIRMAN: You are the gleaners, as it were, I suppose.

MR. IRVINE: Yes, so I am not going to bore you by reading the brief which you have in your hands. Rather,

I will draw your attention to the particular phases of it which we think are important. The first one is the one which we have embodied in our introduction and is one, I think, of very great importance.

Change is the mark of progress. The recognition of that change and adaptation to it are the means of survival. Many of the briefs, I have noticed, have drawn attention to the great economic and social changes which have taken place in Canada since 1867 when our constitution was drafted. I think almost the whole story of industrial progress is to be found in that period. I think a true appreciation of these changes are essential to the acceptance of a suitable and adequate national purpose. The purpose in 1867, though sufficient for that time, is a purpose which still, I believe, must be retained in Canada. These purposes are, briefly, to organize a federal government, to retain a British parliamentary system, to protect minorities and to establish a central government empowered to deal with national problems, all of those must be retained. They meant, at that time, that a situation arising between Upper and Lower Canada started off a new nation. At that time, there was no east and west, there was an Upper and Lower. There was no carry over of wheat in those days to derange the markets of the world. There was no such problem as that presented by the unemployed. 'Unemployed' was a name given to someone who was supposed to be lazy. There was really no industrial unemployment as there is to-day. Some of these problems have, since that time, reached such a magnitude as to not only challenge Confederation, itself, in Canada, but some of them are great enough to challenge civilization itself. Great as some of these problems are, we find that, in many respects,

our national government has no power to deal with them. The question of unemployment comes under that heading here. We are suggesting then, in the introduction to our brief, the necessity of enlarging the national purpose far beyond the scope which was envisaged in the early stages of Canadian history. Such a purpose, arising out of the economic problems of Canada to-day is, in our opinion, the first essential step to be taken in making an amendment. A social or national purpose is not a mechanical and automatic response to supply and demand on the basis of price and profits, although that is as far as we can claim to have any rule of national economic purpose at the present moment, but rather a social purpose which is the will to attain a definite end, towards the achievement of which, every mechanical device, every institution, industrial, educational, social or governmental within the national life must be directed. If I might just illustrate the point which I am trying to make.

THE CHAIRMAN: Does that definition not come very close to national socialism?

MR. IRVINE: I hope it comes near socialism, but I am not sure I would qualify it by making it national socialism, because that has rather unsavoury connotations.

What I am trying to get at, sir, is this; may I illustrate. If we went up in an aeroplane at this moment above this city, looking down into the streets we would see numerous automobiles going in all directions. I suppose we would be right if we assumed that each individual automobile was going some place by itself, and that it would ultimately stop at that place. However, if we were to put a ring around the city, they would not be going anywhere at all. Now, similarly in Canada we have our associations, our industrial organizations, labour

movements and farmer movements as well as our chamber of commerce and different kinds of organizations. Each of one of those is going some place definitely by itself. However, when you put the boundary of Canada around them, then I cannot say whether they are going any place at all. I am emphasizing this above all else. We must find in Canada a national purpose which will sum up the best that we all are and that we will capture for that purpose a true national, patriotic spirit to make a different Confederation. I think that is the most important thing with which to begin. May I, then, just quote one section from this brief to indicate the lines along which we have suggested a national purpose might be formulated. I quote from the brief:

"As an indication of the direction in which we may look for a new national purpose, it may be said that it is now beyond question that Canada today, with its resources of raw material, equipment, technical skill and available man power, can produce ample to meet the economic requirements of its eleven millions of people. It is a fact however, equally beyond question, that 1,008,796 of our population are in actual want save for relief from the state. A large percentage of the remainder are in constant fear that want may overtake them. And this in 1937 when the dividends paid on investments were the highest in history, viz: \$328,807,014. These facts give point to the statements in the Saskatchewan brief that 'The activities and resources of governments must be employed to ensure that no person shall lack the necessities of life'".

Since there are many of our people in want

"and since there is no need for any to be in want, it surely becomes a primary responsibility, especially of the central government, to provide the opportunity for each of its citizens to obtain an adequate supply of the necessities of life. This is the paramount question in Canada to-day. The division or redivision of governmental powers, the questions of tariffs, freight rates, interest charges on debts are incidental, and must be related to the supreme national responsibility of providing an adequate living for all our people. We therefore subscribe to the adoption by the central government of responsibility for the economic security of every citizen, and for the planning of the economic activities of the Dominion to that end."

THE CHAIRMAN: Just on that point, so I will follow you clearly, is that statement intended to be your definition of this ideal or national purpose which should animate governments and all organizations.

MR. IRVINE: I would not say that should be the sum total of it, but I am saying that is one phase which should be included in it.

THE CHAIRMAN: I am very much interested in getting your statement as to what this purpose should be, towards which all activity should be directed because that is a question of fundamental importance.

MR. IRVINE: May I, in conclusion of this section— I want you to realize that while I have taken a little while in the introduction, I shall not be quite so long with the other section. I did want to stress this point.

As an example of the situation which I think is really deplorable in any nation, and particularly in

a new, virile country such as Canada, with such ample resources as it has, may I draw your attention to certain facts. This is not a new story, it is an old story. I want to refer to it again because I think it is pertinent. An advertisement in the Toronto Saturday Night, some years ago, from the insurance association of Canada, says that this is what happens to a hundred average men of twenty-five upon reaching the age of sixty-five. Only one will be wealthy, four will be well-to-do and able to enjoy some recreation, five will be working for a living with no prospect of relief from drudgery, thirty-five will have died, and in many cases, leaving families to a life of enduring hardship, fifty-five will be dependent upon friends or relations or charity. Now, I may assume that is substantially a statement of fact.

THE CHAIRMAN: It is a good insurance advertisement at any rate.

MR. IRVINE: No doubt it was selected because of that, but nevertheless, I believe it is based upon facts in the hands of this association, and certainly from observation. It seems that it may be well substantiated. Now, we submit that such an outlook for young Canada is not healthy, and that it becomes the responsibility of the central government, in particular, to direct its resources and its policies to the end that such a thing may be prevented.

I want to draw your attention for a few moments to part one of our brief which deals with debt and interest. I shall read just the first paragraph of this section. I quote:

"1. The growth of debt, public and private, with its train of social and economic consequences, has become perhaps the first issue of the day in

"Canada. In a debtor economy as Alberta is, conditions of economic maladjustment have sharpened the contrast between the rigid nature of debt charges and the fluctuations of income. The latter responds to a catastrophic collapse of agricultural prices, while both absolutely and comparatively, the burden of debt increases. This constitutes a major problem in the realm of provincial and municipal finance. It means disaster to many individual debtors. The burden undoubtedly constitutes a major cause of social unrest at the present time in Alberta."

I suggest, sir, it can no longer be assumed that debt and the interest on public and private debts can be paid. It has long been apparent that debt charges and debt itself could not be recovered from taxation. I am speaking now, of public debts. I think that the genius of all governments has been taxed to find new methods of taxation and it is very doubtful whether any great resources remain to be tapped. It is true that the income tax can still be further increased, but it seems that most other sources have been pretty well tested, and still the debt grows from year to year, from decade to decade. It increases, it does not decrease. We are compelled to take note of this fact. It is an arresting, challenging, fact that cannot be ignored. We find that insofar as private debts are concerned, our people cannot meet debt charges, let alone the principal. This situation seems to be growing more and more acute as time passes. As I say, debt has been constantly increasing. This fact is undisputable. I would like to refer to the table here and give you one or two figures. It is hardly necessary to do it, as I know that everyone is familiar with these figures. In 1914,

the net public debt of the Dominion Government was \$335,966,000.00. In 1936 it had grown to \$3,006,100,000.00. and so on down the line. The bonds guaranteed by the Dominion in 1914 amounted to \$110,000,000.00 and in 1936, it amounted to \$1,278,797,000.00. The gross debt of the provincial governments in 1914, was \$200,000,000.00, and in 1936, \$1,084,107,000.00. The indirect provincial debt in 1914, was \$100,000,000.00, and in 1936, it was \$224,549,000.00.

THE CHAIRMAN: We have all those figures and the reporter may put the figures into the record.

Debt of Govt. (Direct)	Bonds Guaranteed by Dom. Govt.	Gross Direct Provincial	Indirect Provincial
5,996,000.	\$110,000,000.	\$200,000,000.	\$100,000,000.
74,531,000.	110,000,000.	334,472,000.	118,768,000.
25,505,060.	714,208,000.	1,031,719,000.	224,470,000.
75,846,000.	1,000,522,000.	1,363,382,000.	215,977,000.
26,100,000.	1,278,797,000.	1,984,107,000.	224,549,000.

	Municipal Total.	Bonds guaran- teed provincial Govts.	Corporations
1914	\$376,859,000.		\$1,110,000,000.
1919	493,275,000.		1,118,000,000.
1929	1,332,510,000.		1,916,796,000.
1932	1,600,000,000.		2,097,000,000.
1936	1,445,537,000.	\$224,549,000.	2,097,000,000.

<u>Year</u>	<u>Gross Total</u>
1914	\$2,232,855,000.
1919	3,749,049,000.
1929	7,445,208,000.
1932	8,652,727,000.
1936	\$9,136,091,000."

MR. IRVINE: I do not intend to go any further into that question. However, I would just like to refer to the corporations debt. In 1914, the figure amounted to \$1,110,000,000. In 1932, it amounted to \$2,627,000,000.- There are no figures for 1936, so I have estimated it would be the same as in 1932, although I am quite certain that it is not. I think the debts of the corporations would be greatly increased and if the debt increased in the same ratio as it has up until 1932, it would be about \$227,000,000.00, more than it is. The total Dominion debt for the year 1936 stands at approximately \$9,136,091,000.00. It is impossible, of course, to say actually what the entire debt of Canada is, public, private and corporational. No doubt the figures of the Alberta government when they are made public will be illuminating. Your commission received a very fair picture of the situation from Saskatchewan. I am satisfied that the situation in Alberta, although it has not been presented by the government, is not any better than it was in Saskatchewan. In fact, the indications are, that, in some respects, it is not quite as good. If you will just compare the figures of Alberta and Saskatchewan as given by the minister in the House of Commons recently, in giving those cases which have been dealt with under the Farmers' Creditors Arrangement Act. These figures show that the number of cases concluded in Alberta represented \$29,505,000.00. The reduction of principal granted on that debt was \$11,000,000.00 and the reduction of interest granted was \$1,086,964.27. In Saskatchewan, the approximate debts in cases concluded were \$43,243,000.00. The reduction in principal granted on those debts was \$14,533,477.92, and the reduction in interest was \$966,124.32. The indication would be that the relationship

between the debt and the debtor's ability to pay in Alberta was found to be wider than Saskatchewan.

THE CHAIRMAN: That would not be true in the drought areas of Saskatchewan.

MR. IRVINE: It comprises an area which, I believe, would compare with the area in Alberta, I mean, the drought areas in Saskatchewan would compare with the drought areas in Alberta. However, apart from that, conditions will be similar. I am assuming that the same dry area farmers applied for relief under it as they did in Saskatchewan, so that my comparison, I think, would still stand on all fours. It is unthinkable to me that people in either section of those dry areas would not try to relieve their position if they had the opportunity.

THE CHAIRMAN: You see, there is this difference--I do not know how it affects those figures--in Saskatchewan and also in Manitoba, by arrangement between the mortgage companies, the local governments, the provincial government and the Dominion government, an adjustment was made, voluntarily, covering a large number of borrowers and that may have reduced the necessity of quite a number of them coming before the Farmers' Creditors Arrangement Board.

MR. IRVINE: I have no doubt it would, sir, but still I maintain, taking the figures as given, that the amount of debt dealt with in Alberta and the amount of debt dealt with in Saskatchewan--you will find the reduction was greater in Alberta both in interest and in principal than it was in Saskatchewan--which while not by any means a conclusive argument, I would advance it as such. I say, to the extent it suggests at all, it suggests that conditions in Alberta are not any better, and probably they are worse than those in Saskatchewan. I think an estimate

has been made that the public and private debt of this province runs to about \$6,000,000.00 or \$7,000,000.00. I think about \$41,000,000. is paid out annually in this province on private and public debts.

THE CHAIRMAN: What kind of debts, Mr. Irvine, certainly not mortgage debt. The figures for mortgage debts in this province would not justify those figures at all.

MR. IRVINE: Probably not, but mortgage debt is only a portion, in fact it is only a fraction of the debt of this province. It is for that reason that a true picture of the actual situation did not appear when the federal government was investigating this some years ago. The committee realized that there was a great body of debt of which they had no record and no method could be adopted to arrive at the actual figure. At any rate, these figures come from provincial government sources and they were quoted in the House not more than two days ago. Therefore, I think we ought, at least, to respect them pro tem, anyway. I think the total amount of money paid in insurance premiums, per annum, in this province is approximately \$17,000,000.00. In addition there is about \$3,000,000.00 of bank interest paid annually, so that taking it all together, there is about \$61,000,000.00 of recurring cash claims on the public of Alberta which must be met annually, in cash. Insofar as the total export of this province is concerned, in 1935, it amounted to \$117,000,000.00. You will realize just what a problem the people of this province are facing in respect to debt and interest charges. Debt is a relative thing. It is serious or otherwise according to its relation to the income of those in debt. What relation, then, has our debt, public, private or corporative to the national

income. An estimate of the national income was made by the Bank of Nova Scotia, and published in the Bank's Monthly Review, in May of 1937. I take, just for example, the last figure given for 1936. The available national income for Canada, according to that report, is \$3,316,000,000.00. Now, may I quote just one section in which I bring that point to focus.

"8. It has been estimated that an income for a family of five should not be less than \$1,600 a year if a proper living standard is to be maintained in Canada. Let it be supposed for the sake of argument that the annual income was equitably distributed, which of course it is not. We have 2,200,000 families of five. Dividing that into our national income which in 1936 was, according to the Bank of Nova Scotia, \$3,716,000,000 would allow \$1,689 to every such family annually. That would leave nothing at all with which to pay debts, and yet our public debt alone is increasing by about \$300,000,000.00 per year.

Something must be done if disaster is to be avoided. To the extent that debts are now paid they are paid at the expense of human well being. The common remedy is to cut expenditures, increase incomes and balance budgets. Such a programme, while logical from an accepted hypothesis, is thoroughly inadequate and even dangerous."

There has never been any doubt, so far as I know, about which government had the power to control credit and fix interest rates. I want to draw attention to this matter, sir, especially to the question of interest. This is one question which is certainly of national concern.

National control--I say we have never had any doubt about

which government had the power to control credit and to fix interest rates. I am reading from the brief:

"These powers were exclusively conferred on the central government by section 91 of the B.N.A. Act. But the central government has neither controlled finance nor fixed interest rates. Indeed, it would be more true to say that it has been controlled by finance and that it has itself paid the interest rates demanded by those who did control.

We think that the situation in Alberta to-day gives point to the foregoing observation. The Alberta government is now assuming the right to control credit and to fix interest rates. Why? Because the central government, which is charged with power to do both, has done neither."

THE CHAIRMAN: Well, of course, Mr. Irvine, we want to give the widest possible latitude, but you are now dealing with a matter, not of interprovincial relations, but with a question of governmental policy. Interesting and important as those points are, governmental policy does not come within the scope of our commission. We cannot make recommendations either to the Dominion government or the provincial government on those matters. Assume that you had a paragraph in your brief attacking social credit, it would be no part of our function to express an opinion on a subject such as that. I think it is important, so far as is possible, to keep within the scope of the work of our commission. It is so very wide now, we have such a large contract that we do not want to take in any more territory.

MR. IRVINE: I do not know whether I have a right to argue this with you, sir, but in the first place the terms of reference gives the commission the widest possible

latitude. If I might be permitted to say this, without arguing it, I cannot conceive of any recommendation being presented by any person before this commission which would not directly involve governmental policy.

THE CHAIRMAN: You misunderstand me, we make recommendations on any matter affecting the financial, general or economic relations between the Dominion and the provinces. We also investigate and make recommendations in regard to public debt, as well as taxation. Insofar as you are discussing the general magnitude of public debt, that is perfectly relevant, but when you say the Dominion has not controlled credit and is controlled by other interests, that is a matter which does not touch the issue of public debt. It is a criticism of the federal government.

MR. IRVINE: It is a criticism of the central government, yes; but not of any particular government, because all governments have failed to do it.

COMMISSIONER ANGUS: Are you contending that the provincial government should have rigid control of credit and the fixing of interest rates?

MR. IRVINE: No, but I do say this, Mr. Chairman, if those authorities which should control it, do not, then you will have to be prepared to meet that question, not only in Alberta, but in every other province. It is for this reason that I think it comes within the scope of your investigation of interprovincial relations.

However, may I just here refer to the recommendations which we present in this connection. We think, insofar as our public debts are concerned, and private debts as well, for that matter, that refinancing, compulsory if necessary, at a very much lower rate of interest--

THE CHAIRMAN: Just a moment, before we pass from that question, I would like to get your views upon it. You say, "compulsory if necessary", how about the debt of Canada which is held abroad, Mr. Irvine?

MR. IRVINE: I realize that constitutes a problem but I also realize that a very great percentage of the debt of Canada is held in Canada.

THE CHAIRMAN: That is perfectly true, but I am dealing with the situation in which a substantial portion of the debt is held abroad.

MR. IRVINE: I do not think that problem is entirely insurmountable. I do not think we should balk at taking such action in order to protect our own bondholders. It may be a very difficult question with which to deal. I think it would be easy to make those outside bondholders understand that it is better for them to take the reduction, it may even be necessary to prevent the nation from becoming bankrupt. These bondholders would be well-advised to take the reduction and if they think that they do not want to take it, how much further can they get? Will they not have to accept it?

THE CHAIRMAN: That is repudiation, and that raises the question of Canada's credit, not only for the present but for the future. You will appreciate, I am sure, that we are dealing with a difficult problem.

MR. IRVINE: Only orthodoxically, sir.

THE CHAIRMAN: No paradoxically, I suppose?

MR. IRVINE: No, as a matter of actual economy, Canada's credit does not depend upon any such flimsy basis as that. It depends upon the ability of her people to produce goods and services both for herself and other people. It would not be impaired at all by such an action which would prevent the nation from going bankrupt.

I think it would enhance the credit of Canada, if there is any sense in the whole bally thing--pardon me for using the word 'bally' --but if there is, then I submit such a step would strengthen our credit.

(Page 6510 follows)

THE CHAIRMAN: Do you think it would inspire confidence in the Governments that have run into debt so badly so far, that they would be any more careful about debt in the future?

MR.IRVINE : I cannot go into the future, sir, any more than you can. We have some prophets in this country who can look into the future, but I cannot. I have no conception of what may happen one hundred years or fifty years or twenty-five years from now, but I do say this, that any government that puts its finances on a basis where they can be met through taxation, without hampering the living of its people, will enhance its own credit in any part of the World at any time.

"(2) A tax on excess profits to be used for debt redemption purposes".

That would strengthen our credit a very great deal, sir.

"(3) The nationalization of revenue producing industries, such as breweries and nickel.

THE CHAIRMAN: Taxation is a subject given to us to study, that is within the scope of our reference.

MR.IRVINE: Well then, sir, I suggest that it will be necessary for a government to say what is a proper profit and what is an excess profit, and every industry that exceeded that which is regarded as being a proper profit, should be taxed accordingly. I submit that merely as a make-shift policy. Perhaps most of you are aware that, as a socialist, I would not give them any profit at all, but I am not in power and we are dealing with the situation as it is, and I suggest that when you have regard to the dividends that I quote that were paid this last year, that it is not too much to ask that the excess profits - all those are excessive which mounted up to

such enormous dividends, - should be taxed by the Federal Government when it is faced with the situation such as we are faced with; not only in the Dominion but all the provinces of Canada. I think we can no longer allow industries to run wild and make whatever profits they can by every method that they can, and the Government will have to act in that regard.

COMMISSIONER ANGUS: Are you thinking of a common maximum for all industries, or are you taking the risk of a particular industry into account?

MR. IRVINE: I think that any body which considers the rate of profits that I refer to would necessarily have to take into consideration all phases of the particular industry concerned. For instance, if it is an industry that is essential to Canada it would be very foolish for any Government or any body to hamper it so that it would have to go out of existence. They would have to be safeguarded.

COMMISSIONER ANGUS: I was thinking of an industry like gold mining, where there are a great many failures and some startling successes.

MR. IRVINE: Well, of course, that raises a tremendous question. Perhaps if we had less development in coal mining and a little more support from a government policy in respect to marketing we might possibly do better.

COMMISSIONER ANGUS: I said "gold", not "coal".

MR. IRVINE: Well, that is worse still. I think it is rather unfortunate we should have our people wasting their time digging gold, it would be much better if they were raising chickens; but since they have to do it, I think they should do it entirely for the Government and that no private company should have the right anywhere in Canada to take out for their particular profit the gold which has been accumulated during the centuries in

the bowels of the earth, and which belongs to anybody at all, - belongs to everybody. And that should be all taxed. If we are going to hunt for gold it should be hunted for under Government direction and Government ownership, and for the people of Canada.

"As to private debts we recommend: -

- (1) That, as nearly as practicable, the exact amount which a debtor can pay must be determined."

That is to say, that it is not much use in any body of men deciding that John Smith shall have his debt reduced by so much per cent. It will have to be reduced, if it is going to be an intelligent reduction, to that point where John Smith can pay it after the reduction has taken place, and reduced to such a basis, we suggest, that the amount of the debt, - if the amount of the debt exceeds that which the debtor can pay after allowance for an adequate standard of living has been made, any such valuation must be undertaken so that the debt can be fixed on the basis of what the debtor can pay from his net income. That is, each debtor must be protected against foreclosure until a new contract has been drawn on the basis of his actual economic status.

"(4) That a complete and thorough survey of the whole private debt situation be made. And in the case of farmers, the average yield per acre whether grain or livestock, must be determined by the facts taken over a period of years. Also the average price received for farm products should be similarly arrived at. The same principle should be employed in scaling down debts of workers to within reach of their stable incomes."

THE CHAIRMAN: Just one question there. How would you deal with this situation, which happens to come within my

knowledge; where a farmer had a good farm on which he had lived, and had paid for by hard work. He sold the farm, and retired to live in a village, taking a mortgage on the property for say \$5000 or \$8000, whatever it was, and that was the main source of income for himself and his wife. Now, suppose that argument applied, how about the standard of living of a man who is dependent on that mortgage income for his support in his old age?

MR.IRVINE: Yes, I quite get the point, and I understand that it does constitute a problem in all provinces if such action were taken, but I want you to get the principle that I was driving at there. No matter what happened in the case that you bring up, that man living in the town, whose only income is from the farm he sold, can obtain no more than is left over after the man who is farming the land has made his living.

THE CHAIRMAN: It depends entirely on what you mean by a living, because standards vary and people may establish standards, which we know in fact exist, varying very widely. No doubt if one has means one can adopt a standard very much higher than the one who has not the same means. I just do not see how your proposal is practical when you say it must be based on the "Manner Obtaining". What you say is, "An adequate standard of living". I do not know what that means.

MR.IRVINE: I think we all know what it means, sir. If you recall that I dealt with that and read a section from the brief which demanded, in principle at least, the recognition of the necessity of having a guarantee to individuals of economic security. Canada should have a standard of living below which no man should be allowed to sink, unless he refuses to do the job that is set before him. I am anticipating that, that such a standard of living is one of the duties of Canadians to face.

Then you would have no difficulty in knowing what the standard meant in this case. But in a few moments I shall indicate certain methods by which the standard of living can be raised in the West, even if we have not faced it as we might have done.

Part 2 deals with the tariff, and I shall have very little to say about that, chiefly for the reason that the tariff is one question in Canada that everybody knows about. It is the political policy of both the major parties, and therefore I assume that there is nothing new which can be said about it. But I think I ought to quote paragraph 2, just to give the gist of the viewpoint that I want to express.

"An attempt was made in 1933 in the brief of the Government of Nova Scotia to the Royal Commission on Nova Scotia, to measure the gains and losses, by various provinces, due to the tariff. The figures compiled at that time which are already before this Commission in the brief presented by the Government of Saskatchewan, serve as a valuable estimate of the effect of the tariff upon the internal distribution of the national income. Alberta's disability due to tariff is second only to that suffered by Saskatchewan. The net loss estimated for Alberta was \$26.93 per capita per annum, compared with Saskatchewan's loss of \$28.16. The gains accruing to Quebec and Ontario are \$11.03 and \$15.15, respectively. In round figures the tariff costs Alberta at least \$20,000,000 a year more than this province receives from the tariff. The cost to the three prairie provinces is at least \$60,000,000 a year. In this connection we would quote a comment from the evidence of Mr. L.W. Brockington before the Royal Grain Commission sitting in Winnipeg, when

he said:

"We have calculated, and I believe the calculation is confirmed by the Dominion bureau of statistics, that this extra cost is a direct toll or tax on the farmers of the West of at least sixty million dollars a year, and has been since the year 1930. If, during the past six years the important goods that farmers purchased in the West had been the same price as they were in 1913-14, the farmers would have had available each year sixty million dollars more for new purchases, repayment of debts and so forth, than actually they have secured."

Mr. Brockington expressed the view that \$60,000,000 a year is lost by the tariff to the Western Provinces, and that has taken place since 1930 which, including all of the present year 1938, would mean over \$480,000,000 in the last eight years, has been taken out of the Western provinces without any appreciable return to balance. Then, paragraph 5:

"As far as Alberta is concerned, the tariff policy pursued since the Province was established in 1905, has been a severe handicap to the people of this Province. In effect, the three Prairie Provinces have long been a rich colonial area without secondary industries and which therefore has been regarded as a legitimate field of exploitation by powerful monopolistic and financial corporations whose head offices are in other parts of the country."

COMMISSIONER MacKAY: You realize, Mr. Irvine, this is just an estimate in Professor Rogers' brief, an estimate which has been rather severely criticized, so that it is rather difficult to estimate the loss due to

the tariff.

MR.IRVINE: Yes, I appreciate that it is an estimate, but the estimate, it would appear to me, has been very carefully made; that there was actual data upon which the estimate was based and through which the estimate was arrived at. So far it is perhaps the most accurate estimate that we have on the question, and I can well understand how there would be very severe criticism of that estimate. But I think, on the other hand, that the great bulk of the farmers in these Western provinces who are capable of comparing the price they paid for a machine here and what they could buy it for on the other side of the line, would be inclined to accept Mr. Rogers' statement, and perhaps they think it is under-done rather than over-done.

COMMISSIONER MacKAY: The number of people who believe it is no test of the accuracy of the estimate.

MR.IRVINE: No, quite so, but I want you to realize the point I am making is that here is a burden, a burden which the people know they bear, the extent of which they may have doubts about, and I think it ought to be the Government's policy, or somebody's policy, to find out what the actual figures are. It should not be an impossible task, and I think it can be well committed to the Bureau at Ottawa to get these figures accurately for everybody. At any rate, we are told by the Minister of Labour that the tariff must be maintained if Confederation is to be maintained. I will not argue against that at the moment, probably that is largely true, but I do suggest it is equally true that Confederation will be wrecked by maintaining this policy just as quickly as it will be by dropping it, unless there is some compensation found in some way to make up to the West what they are unquestion-

ably losing by this national policy. Therefore, we have recommended the following:

"The people of Alberta cannot longer suffer the palpable injustice of the tariff. We therefore strongly recommend either the elimination of customs tariffs on the necessities of life and the instruments of production or else the provision of adequate compensation such as adequate protection to the worker through proper minimum wage schedules, legislation governing hours of labour and other conditions, and a National system of marketing with minimum fixed prices for farm products."

We feel very strongly that the tariff as it now exists in Canada cannot be indefinitely tolerated by either this or any of the Western provinces, and that while we are very anxious to retain Confederation, with all its benefits and to develop this great Dominion, we also realize that the great mass of the people are getting tired of what they believe to be an unfair burden. I think the Commission will do well to note that as an actual fact in the Western Provinces.

Now, I want to say just a few words on the next section, "Agricultural marketing", particularly as it is hampered by the freight rates and other difficulties. I notice in this connection also that the Commission has been well supplied with data. You have been informed as to amount of production derived from agriculture in these Western provinces, the proportion of agricultural production that must be marketed abroad, and you have also been advised as to the volume of railway traffic which is made up of agricultural products. You also have knowledge of the nature of Alberta's resources

and diversification of production, and you are also well aware of the distance from markets, and the consequence as to the costs of marketing which must be borne by those who ship to foreign markets of the World from the Western provinces. So I will not burden the Commission by repetition of the data which our brief contains in this connection. Nor will I refer to the discriminations which we find in transportation charges, because that opens up, as I know, a very difficult and technical question to discuss.

THE CHAIRMAN: And which has been very fully covered by other briefs.

MR. IRVINE: Yes, it has been very fully covered by other briefs. I think, perhaps, in this connection I will put the viewpoint I want to express without further quotations, because I am taking perhaps more time than I should, knowing that the last part of this brief is of more technical import. Let me put it this way to the Commission: If the agricultural industry in Western Canada is to ever be placed upon what might be called a stable economic basis, that is to say, a position in which farmers can at least pay for what they must buy, with prices they obtain on what they sell, then something of a drastic character must be done, from two or three different angles. It is no news to us that the farmers of Western Canada in particular, and I presume it applies also to the Eastern farmers, are at the mercy of everyone. They cannot price their own goods, they cannot price the goods of others, they cannot add a cost-plus; they have to take their chance, because they are selling, as it has been often said, on a free market, a world market, and they are at a great disadvantage. Certainly they have attempted to improve their condition often, from the marketing angle.

Now, I think the Wheat Board should be maintained. I think marketing agencies under the control of the farmers should be set up so that they may receive the benefits which such a contrivance may yield. But on the other hand, when the marketing problem has been solved to the utmost so far as it may be solved within the province of Alberta or the Dominion of Canada, there will still be a great marketing problem that cannot be solved in Canada; that is to say, they might possibly be able to get a cost-plus price for goods in Canada, that are sold here, but after all, they must ship their great surplus to the markets of the world, and so they can hardly hope ever to become so powerful as to dictate market prices to the world consumer. Therefore, they must turn to the other end of the problem, and see how they can reduce costs in order to meet their bills. We suggest that the greatest costs to the farmers in Western Canada are; first, the price he pays for his equipment. Second, the price he pays for money. And third, the price he pays for freight. Now, it is to those three things that we direct the attention of the Commission in regard to the problems of agriculture involved in marketing. We say that the price of farm machinery, and what the farmers require to carry on their business, must of necessity be reduced, and we say that can be reduced, in several ways. Certainly it can be reduced by wiping out the tariff, and certainly it can be reduced by preventing, when it develops, monopolistic control of particular kinds of farm implements. The way out of that, from our point of view, is the socialization of the whole industry supplying farm machinery, and placing this machinery in the hands of the farmer at the lowest possible price. Failing that, we say that compensa-

tion must come to the farmer by some method devised by the central government, which will make up to him the loss which he sustains by being compelled to pay higher prices for what he must buy. Now, there are the plain, bare bones of the question, and they are before you. That is the situation, and I am sure it cannot and must not go on as it now exists.

With regard to money, the same thing is true. 8% interest is extortionate, and we have paid more than 8%, - 10%, 12% interest, in many instances. The general rate of interest for farm mortgages is about 8%. No industry in Canada can pay 8%, much less the agricultural industry, on the money it has to borrow. We suggest to you that is a matter of national policy. The interest charges should be fixed by the National Government, and I come back to that again, - they have the power to fix them, but they have never fixed them. The farmers cannot keep on paying that amount of interest.

Then freight rates are high for the same sort of reason. We have two railroads where we should only have one; we have duplicated service, we have far too big capitalization in both lines, standing at approximately, I suppose, about four billion dollars, - certainly over three billion dollars. On that tremendous capitalization profits must be earned and dividends paid.

THE CHAIRMAN: There is not much profit being earned now, apparently.

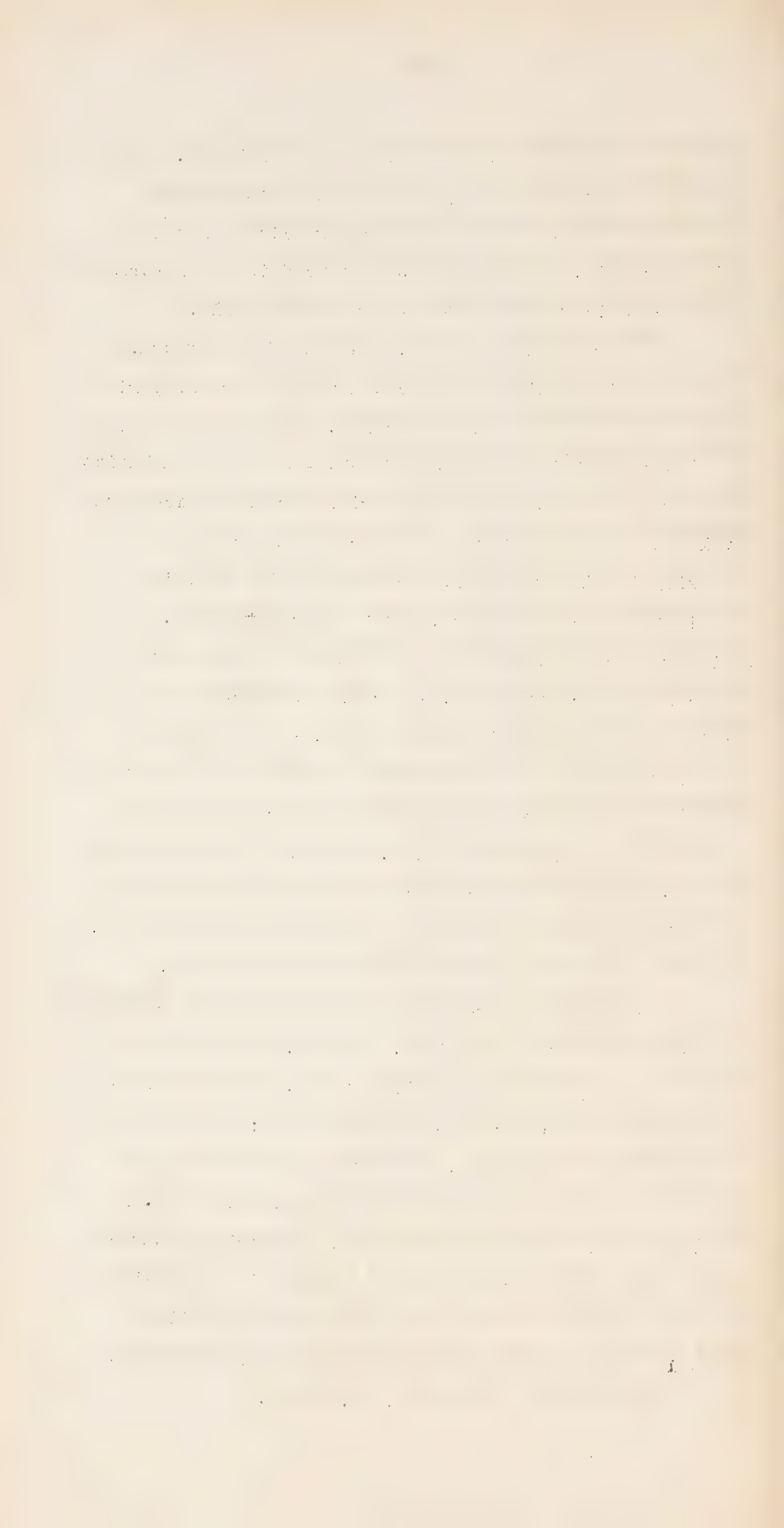
MR. IRVINE: That is not the fault of the railways, that is due to the circumstance of their own stupidity in building two lines when they only needed one. But the farmers of the west cannot stand a policy of that sort, and so we have recommended the socialization of these railways, the socialization of all banking institutions, -

not only the central bank but all the other banks, and the insurance companies. These are the outstanding financial institutions in Canada controlling all the national credit, which should be enhanced in the interests of the economic requirements of the whole people.

One more word on part 4, and then I am through. This deals with social insurance, and will more properly be dealt with under the last section, because it involves definite changes in the constitution. I need not emphasize that more than to say that the social services which have developed in recent years, and which have become a necessity in all provinces, are regarded in the main as being provincial matters, under the constitution. It is practically impossible for many of these social services to be carried out, - social insurance to be carried out by provincial governments, - for reasons so obvious as not to be necessary to mention. So we are recommending certain social insurance which we think is essential at the present time, and point to the changes in the constitution which will enlarge the powers of the central government in respect to this particular service, and that I will leave to my colleague to deal with.

I conclude by expressing the hope that the Commission will be of benefit to the West. Frankly, I do not know whether it is proper to say this or not, but many of us have become very cynical about Commissions; not that it is the Commission's fault, because it is the fault of those who do not listen to what the Commissions say. I hope, however, that this Commission, in which the Western people still have a great deal of hope will do something at least towards solving some of these great problems which I and many others have brought to your attention.

THE CHAIRMAN: Thank you, Mr. Irvine.



COMMISSIONER ANGUS: Mr. Irvine, I would like to ask one question, if I may. In British Columbia it was suggested to transfer such matters as health insurance to the Dominion jurisdiction might postpone legislation for a very long time. Just as you have said, the Dominion has the power to deal with credit and interest rates, but has not done so, but some of these things might be done by one province or another; you might have these things done in a province long before you have them done by Ottawa. Now, would you be agreeable to doing what I think the Trades and Labour Council have suggested, - consider concurrent powers in many of these matters, so that the Dominion could legislate, if they cared to, but until it did, or if it did not, any province that felt in the position to do so might do so.

MR. IRVINE: Yes, I say we certainly have to admit the wisdom of concurrent powers, under certain circumstances.

THE CHAIRMAN: Mr. Hyndman.

MR. L.C. HYNDMAN, was called.

MR. HYNDMAN: Mr. Chairman, and Mr. Commissioners, it is with some diffidence that I attack this problem of constitutional law, for I do not pretend to be more than a very ordinary practising lawyer who has had a very slight knowledge of constitutional law. However, the task is here and it must be undertaken. I will endeavor to be brief, as I appreciate the fact that time is of some importance.

THE CHAIRMAN: You are dealing with an important section of the brief.

MR. HYNDMAN: Thank you, sir. We feel that the Constitutional questions cannot be presented from the viewpoint of the province of Alberta alone, that they are not necessarily a matter of an Alberta-Dominion relationship, but of necessity they must be of a Provincial-Dominion

relationship. Therefore, the element of Alberta, anymore than any other province, will not enter into this discussion. I am endeavoring to remain, sir, within the scope of the inquiry.

Now, sir, in preface to my general remarks, may I just say this, and I am sure you will agree with me,- I merely repeat it for emphasis,-that all today recognize that since 1867 there has come about a pronounced change in the economic and political and social life of Canada, - the relations between different peoples, different classes, and different governments, and so on, and that while conditions in Canada are in part a reflection of the general unsettled world situation, nevertheless the people of Canada are today seriously handicapped by being dependent, as they are, upon there being in Canada favorable economic, political and social institutions. These difficulties and misfortunes, we feel, are attributable in part to the fact that while in 1867 there existed many relatively independent and self-sufficient predominately agricultural communities, lacking extensive transportation and communication facilities or a highly efficient industrial technique, and the constitution was conceived with a view to serving such a culture, today we say that position is almost entirely changed, - it is unrecognizably altered. Canada has today obtained a high degree of transportation and communication development; it has acquired a highly efficient industrial technique. Agriculture has become, in many instances, a mechanized business. It is no longer a matter where a small family survives in a self-sufficient manner upon a farm. Social, economic, and political problems which confronted our grandparents were largely capable of provincial solution, but we contend, sir, that such is not by any means the case today.

We refer to the incidence of monetary control in Canada, which was brought out so admirably in the Price Spread Report, and which has been revealed in documents before you. I merely refer to that as indicating the trend of development. We feel, under these circumstances, that the constitution has, through its interpretation largely, become hopelessly antiquated, it is no longer suited to our times; it acts as a brake upon progressive development. I suggest, sir, not that the constitution in its original conception did not perhaps meet the situation, and if it were applied today as it was intended in 1867 it might be quite suitable. It is largely the developments, the trend, the interpretation which has been placed on it during these intervening years, which have changed this constitution of ours. And we are convinced that to secure in part, at least, some of the advantages which should be ours, that radical amendments must be obtained to the constitution of this country, - to all the statutes which cumulatively constitute the constitution of Canada.

May I quote, sir, for one moment, from the report of the Parliamentary Committee of 1935, sitting on the question of amendments to the B.N.A. Act, where it was said, it recognized the urgent necessity for prompt consideration of amendments to the B.N.A. Act with reference to a redistribution of legislative power, and so on. That was, of course, in 1935, as you are well aware. I think the argument is even more pronounced today. The trend of judicial decisions, we submit, respecting the constitution issues in particular, especially those of the Privy Council, must be deflected or, if this cannot be achieved, then the results of such decisions must in some way or other be eradicated by

statute. That is a very tall proposition, I appreciate it fully, but nevertheless it is the belief of the group I represent, and of myself personally. That that line in some way or other must be undertaken, and if possible, achieved. We feel, speaking of the federal parliament, that there should be less limitation upon the powers of a sovereign parliament,-by judicial decisions,-acting within its own sphere.

THE CHAIRMAN: Assume that proposition to be correct, Mr.Hyndman, for the sake of discussion, what changes do you say should be made?

MR.HYNDMAN: In the constitution generally?

THE CHAIRMAN: Yes, in the constitution?

MR.HYNDMAN: Well, I do not know whether you have read this brief, sir, but I have covered a number of fields.

THE CHAIRMAN: Yes, I have read the brief.

MR.HYNDMAN: To submit specific proposals, in which we believe the constitution should be altered.

THE CHAIRMAN: I think if you came to the specific proposals there may be some questions we would like to ask. You have made your position clear in the brief.

MR.HYNDMAN: Yes; you will agree with me, I believe, that the trend of the Privy Council's decisions has been this way, - there is no need to go over it,--

THE CHAIRMAN: It has been gone over before several times.

MR. HYNDMAN: I quite agree with you, sir, to a wearying extent, I suppose.

THE CHAIRMAN: No, it is always interesting, but still there is the element of time entering into it.

MR.HYNDMAN: May I just make this one remark, Mr. Chairman, that it seems obvious to us that as a result

of this trend the relative importance of the province in the federal scheme must be reduced, and that of the central government at Ottawa intensified. That is the position, that is the crux of this whole matter.

Then, sir, to go on as you have suggested, with the specific proposals which the C.C.F Clubs have in mind. However, we appreciate the other fact, which I would like to stress and that is, while certain changes must be accomplished, the existing racial, religious, and minority rights and certain legitimate though restricted provincial claims to autonomy, should be adequately safeguarded. That is difficult to work out, but we believe it can be done.

So I shall proceed to deal, Mr.Chairman and Mr.Commissioners, with the specific proposals which we have in mind. We feel in the first place,sir, that provision must be made so that the constitution may be further or subsequently amended. Now, I am at the moment at no. 1 on Page 12. Unfortunately, the pages of this brief, due to a printer's error, were not marked. It is the second page of what is known as Part 5:

"To provide that the Canadian constitution may be further or subsequently amended in matters other than those affecting minority rights by the Federal Parliament alone on the passage of a bill supported by a clear majority."

That in the case of matters affecting minority rights, then the consent of the particular province affected should be obtained. We do not and cannot agree that it is in any way necessary to have the consent, sir, of all the provinces, or even of a majority of the provinces of Canada except in the case we mentioned.

THE CHAIRMAN: You would have Parliament by enacting

logislation at one session, passed by a majority, amend the constitution, save in respect of minority rights?

MR. HYNDMAN: Yes, we take that position.

THE CHAIRMAN: To amend the constitution in Australia there is quite an elaborate machinery provided for it, so that you get an expression of the will of the people on the particular amendment.

MR. HYNDMAN: I am rather opposed to the policy of their being too much delay or too many obstacles or difficulties. I am not being dogmatic about that for a moment; I realize that is perhaps a little too radical at the present time, but nevertheless something of that nature, something along that line, must be worked out, and there must not be too much rigidity I contend, Mr. Chairman.

THE CHAIRMAN: There is a great difference between the Parliament having the right by a bare majority at a single session of Parliament, conceivably not elected on the issue, to amend the constitution in some fundamental respects, and a provision that would make it possible to have the constitution amended in some orderly way, either by a referendum or by submission to the Provinces on a vote, or a certain number of provinces, and so on. The whole matter was discussed in Ottawa, and a very full report was made.

MR. HYNDMAN: A very admirable report, sir. Of course you have read it, sir, and I have read it. It contains most valuable information. We are not being dogmatic about that, but we do want a flexible method adopted.

Then, going on, after the element of amendment, we propose, - and I think perhaps this is the first brief in Canada where this particular bombshell has been dropped, - the abolition of the Senate. We fully appreciate

the fact there will be great opposition throughout Canada to that suggestion. Nevertheless, we are of this opinion and we advance it. It may be we are rather anticipating the years to come, but it is a belief we hold to strongly, and we submit it. Perhaps you do not want us to go into the reasons, sir, but we do feel, if I may say so, that this is generally a reactionary body; that while it perhaps does not matter so much to the Government in ^{today} Ottawa, in the event of the type of government which we have in mind attaining power at Ottawa, the Senate, we believe, would present an almost insurmountable obstacle to the type of legislation which we have in mind and obviously, sir, we must get rid of that obstacle.

COMMISSIONER DAFOE: How are you going to get rid of it?

MR. HYNDMAN: It is a very difficult thing, sir, of course, it may be done by the method of amendment which we have been discussing. We might have to go to the country on the issue of abolishing the Senate.

COMMISSIONER DAFOE: You cannot abolish the Senate by a legislation of a Parliament which consists of a House of Commons and a Senate.

MR. HYNDMAN: It would have to come from the Imperial Parliament, sir.

COMMISSIONER DAFOE: I thought you were cutting the Imperial Parliament out?

MR. HYNDMAN: It is obvious I have been quoting a part of this brief, sir, and I have been asked to do so, and I have done so. Obviously, to obtain the power to amend our own constitution we must first go to England to do it if we are to be within the constitutional rights, and in the course of going to England we might suggest that England should give consent to the abolition of the Senate.

THE CHAIRMAN: You might have a recalcitrant minority which would favor keeping the Senate.

MR. HYNDMAN: Yes, I appreciate that, sir. We feel that the minority which would prefer to keep the Senate is not so much the type of minority that many have in mind, but rather the property interests in, for example, Quebec, who might be rather reluctant to lose the Senate, Dr. Sirois. I submit that the only part of Quebec which would really be effected by the loss of the Senate would be that in the immediate vicinity of St. James Street. We regard big business as quite powerful enough in the Commons without having, shall I say, a second line of defence in the Senate. However, we realize there are not very many who agree with us at the present time on the abolition of the Senate. We put it forward, it is in our brief, sir.

(Page 6531 follows)

On that same page, Mr. Chairman and Mr. Commissioners, item number 4 is this:

" To establish by statute and beyond question the convention that the Governor General must act on the advice of his ministers, and assent to all bills having a majority in Parliament..."

It might be asked why we suggest that, because there is no suggestion that he will do anything else. The only point, sir, is that the democratic principle is perhaps involved. We want it to be clearly understood, whether he likes or not, he must, that conventions to the contrary will not be good enough. We want it laid down as a democratic principle, And perhaps the reason is first because we go a little further and while we are interested in continuing the disallowance power -- we will not for a moment, sir, give that up, we in Alberta have every occasion to appreciate that -- nevertheless we think perhaps the same should be done about the lieutenant governors in the provinces. There is a point of time element enters into the question, as to whether or not it is better to reserve the assent and so forth, but the democratic principle is perhaps more important than this, and while certain damage might be wrought in that intervening time, nevertheless the greater good is perhaps achieved. That is of course a mere re-affirmation, a redeclaration of the present situation.

Then sir, we go on in paragraph five and we point out:

" To specifically enact that the judge-made law which has widened provincial at the expense of Dominion legislative jurisdiction shall be no longer binding upon Canadian courts."

I take the liberty of referring to a very recent article

by Professor W. P. M. Kennedy, Professor of Law, University of Toronto, and appearing in the June 1935 issue of the Canadian Bar Review, which was a very admirable article. He said this -- and Professor Kennedy is not exactly my political team-mate, perhaps -- he said:

"And above all we must get rid of all the past decisions of the judicial committee for they will hang around the necks of the judiciary if appeals are abolished in that uncanny strangle-hold with which 'stare decisis' seems doomed to rob the law of creative vitality." Now, that is Professor Kennedy.

COMMISSIONER DAFOE: That is from the Canadian Bar Review?

MR. HYNDMAN: Yes, June, 1935.

COMMISSIONER DAFOE: June, 1937?

MR. HYNDMAN: I beg your pardon, 1937. They were just after the Bennett decisions and that was the occasion for the whole issue. Of course it was a slip of the tongue, sir. That could be developed at great length but we have not the time to do it.

Then we go on, the natural consequence of that:

"To abolish appeals to the Privy Council."

I think a bill of this nature was recently introduced into the House by the Honourable Mr. Cahan, so it is not very radical. We regard the Privy Council as an obstacle to progress. We feel in Alberta we should be capable of doing our own thinking and while there might be certain provincial interests, maybe it is minority interests, would like to see the protection which the Privy Council affords them, nevertheless I am afraid it is one of the risks of nationhood which we must take. We must make our own decisions in Canada. We may make mistakes, we are not infallible, but

we are willing to take that risk. If we are not capable in Canada of doing our own thinking I submit that perhaps an act which transcends in importance the British North America Act will be that in every province respecting the mentally incompetent. So, sir, there could be much development on this question of the Privy Council. I might go into the advance historically under Lord Halsbury, Lord Haldane and Lord Sankey, which was an advantage, and then the swerve back with the Bennett legislation. But we feel that the Privy Council has distorted the British North America Act and the other concurrent acts until the thing is to-day almost unrecognizable. I believe Sir John A. MacDonald would gaze in wonder at his child if he saw it to-day. It is not the same boy at all.

That is number six. After that, and this is a point which I think, Mr. Chairman, you introduced or Professor Angus in discussion with Mr. Irvine, about concurrent legislation. So we have said:

" To provide for methods of concurrent legislation by the Dominion (as in B. N. A. Act 95) in much of the field of legislative jurisdiction presently occupied by the provinces."

This is covered in the next section also and I won't elaborate, sir, but eight goes on, and in eight we do mention some of the specific proposals into which you were inquiring particularly, suggesting in a long series of a, b, c, and d and so forth down to h, that certain powers should be given exclusively or at least concurrently to the Dominion parliament. I won't read all these, sir, but we have set forth there firstly what we call a comprehensive code for labour and many items thereunder. There are authorities to support it but I appreciate the fact there is not time to go into them all. For example,

I noticed in last night's paper --

THE CHAIRMAN: We have those detailed items all before us and the reporter can put them in his notes.

MR. HYNDMAN: I will not weary you with them then.

THE CHAIRMAN: It is not wearying us, it is only a question of getting the pith of the recommendation.

MR. HYNDMAN: Precisely, Mr. Chairman.

Take for example this item of the trade unions and collective bargaining. I saw in last night's paper, I recall, that the report of Mr. Justice Turgeon into the textile industry has just been recorded in Ottawa and does suggest a collective bargaining as a means for workers to get together and enable them to fight their battles against employers' associations. I think that was in last night's paper.

The matter of unemployment relief is of extraordinary importance, the last item under "a". We feel, of course, that should be all under Dominion control and therefore if the Dominion is to pay all of these costs, the Dominion must be given full powers over what we regard as the causes of it, namely, they must be given authority over the economic and business affairs of the nation. That is the crux of this argument. I trust you appreciate that, sir. So that insofar as the control of social legislation and economic policy being in the same hands, the Dominion, whether we like it or not, we are convinced that state interference in the economic and business affairs of this nation will continue and become more pronounced as the years go on.

"(a) A comprehensive code for labour including such matters as :

- Wage regulation
- Wage boards
- Conciliation boards
- Employment boards

"Hours and Conditions of work
 Minimum wages
 Trade unions and Collective bargaining
 The strike and peaceful picketing
 Factory and other regulations
 Safety measures in industry
 Technical education
 Vocational guidance
 Unemployment insurance
 Unemployment relief"

Then sir, we touch upon health and welfare services, itemize them at some length, and again we go on to the item of centralization and extension of control over a number of specified items, which I need not elaborate, except perhaps to say, for example, with regard to natural products marketing we feel that the ineffective attempts of the Dominion and the provincial government are little more than pitiful. It is unfortunate. They are trying to do things but nobody knows what they can do and where they are trying to go.

THE CHAIRMAN: Your view is that marketing should come under the Dominion?

MR. HYNDMAN: Certainly, regulation. Unquestionably the effect of the Privy Council decisions has been virtually to give all inter-provincial trade and prices and marketing and so forth into provincial hands under property and civil rights.

Insurance is a particularly important topic, sir, and yet the Privy Council in effect said some years ago that insurance is not particularly a matter of national concern. It seems very odd, sir. I cannot appreciate that at all. And the striking fact that we have in Canada ten jurisdictions in insurance matters is to us nothing less than ridiculous. We have mentioned these in more detail in the brief, sir, and perhaps with your permission I will skip all that. There is d, e, f, g, and h.

Going on, sir, then, to the next part of it, in a sense, number nine, we have there set forth a number of specific proposals in regard to which we believe there should be in effect either an addition under enumerated heads to Section 91 or at least that they should be embodied in some general all-inclusive section relating to concurrent powers. We stress particularly, and I will take a moment just to say this, sir, that peace, order and good government, those words in the act, must be revived. We must use them once again. We must get away from this tendency which has been so obvious in Privy Council decisions to relegate merely to matters about which there is an emergency. It seems obvious that a good depression such as there has been in Canada for the past seven or eight years is not an emergency, that we must have war before we have reached that stage. So I am strongly arguing, sir, a development, a redeclaration of this peace, order and good government clause and then, sir, the regulation of trade and commerce. We could quote innumerable cases on that but it is well known to you, sir.

THE CHAIRMAN: The recent decision of the Privy Council on one of the bills, in which they held that trademarks came under trade and commerce, indicates that there is a disposition to give trade and commerce more effect --

MR. HYNDMAN: That is a very interesting development.

THE CHAIRMAN: In the purely provincial field than has heretofore been the case.

MR. HYNDMAN: That is most encouraging I believe.

THE CHAIRMAN: I mean wholly within the province.

COMMISSIONER SIROIS: It should be discouraging as far as you are concerned.

MR. HYNDMAN: You said in the province? I didn't catch you, sir.

COMMISSIONER SIROIS: In the province.

MR. HYNDMAN: Of course, it is discouraging then, obviously. If it is in the province it is definitely discouraging, Doctor Sirois. No, the tendency that I like to see, sir, is toward centralized control in most of these matters.

THE CHAIRMAN: The decision of the Privy Council in that case gave to trade and commerce a broader interpretation than had been given in some earlier decisions.

MR. HYNDMAN: Of course I am in favour of that.

THE CHAIRMAN: And in the recent decision of the Supreme Court on the Alberta legislation they have given trade and commerce a broader interpretation than was given in some of the earlier decisions of the Privy Council.

MR. HYNDMAN: I think that is what I said was encouraging at the time. Trade and commerce is fundamentally a Dominion affair, obviously, and the wider the definition is, the more we like it.

Going on, we will skip a number of them which are set forth perhaps in the brief and we can really start again at number ten in which we have endeavoured to set forth specifically the manner in which we believe 92 of the Act, with some exceptions, should be handled.

I do take the liberty, sir, of referring to this. On these words "property and civil rights in the province", we feel that this power must be most carefully reconsidered and re-expressed, to make abundantly clear just what is the widest extent of its intentions. We feel that one can, with the exercise of very little ingenuity bring almost every conceivable topic under the words "property and civil rights" and that therefore there must be some

qualification of these terms. Of course that inevitably involves the idea of generally all matters of a merely local or private nature. We would refer you there, sir, if there were time to the general resolutions and discussions and speeches at the time of the Quebec conferences which unquestionably pointed to a strong central government.

Number eleven deals with a matter about which we are very serious.

" To expressly preserve the right of trial and appeal in the courts respecting the constitutionality of any Dominion or provincial statute."

There have been endeavours on the part of provincial governments to limit the citizens' right to question these acts and we are very much opposed to that suggestion.

I can easily skip over eleven, twelve, sir, as it is adequately set forth in the brief.

THE CHAIRMAN: Yes.

MR. HYNDMAN: And thirteen, I think this question of treaties is important, having regard to the recent decisions of the Privy Council, sir, but again we can skip on.

And fourteen, is, I think, important perhaps to remember from a rather technical constitutional point of view but we feel that that type of clause, some reference to this item of ratification, delegation or incorporation by reference is very essential, because in any federal system and in any developing country there will inevitably be a certain field which at the present time we cannot see and which must be covered in future.

In view of the fact that we are one of the few provinces south of the north-west territories we are rather interested in their development.

THE CHAIRMAN: That is purely a matter of Dominion

government policy that does not affect Dominion-provincial relations.

MR. HYNDMAN: No, sir. Very well, sir.

But finally, sir, we do feel that the whole of the British North America Act and all amending or co-related statutes should be overhauled with a view to the modernization of those provisions which in a reconstruction will remain substantially unchanged. They should be redrafted, re-enacted and consolidated so as to present a clear concise and logical re-statement of the whole body of the constitution of Canada.

We recognize full well, sir, the fact that in 1867 when this constitution was founded it was not an easy struggle and it is not now, but it must be undertaken, that we are convinced, sir.

The reconstruction of the constitution which we have indicated involves a strengthening and enlarging of the powers of the Dominion parliament, as the object of the B. N. A. Act was to unite the provinces into one Dominion, and on the day on which the act was proclaimed, this country formed and became one. That is important, sir, we feel.

We have quoted two paragraphs, which I will not read to you, sir, from the brief of the League for Social Reconstruction. We merely do so for emphasis and to commend it again to your attention, sir.

If I may say in my concluding remarks just these words, sir, that I ran across a very interesting article called "Federation and Economic Control" in the December, 1935 issue of the "Round Table", of course no author is given, in which the author points out the effect of the hidden struggle, which the author says will arise in all countries of the world where there is a federal

constitution or set-up. He points out the hidden struggle, as I say, between federalism and economic control, which becomes more obvious as the years go on, more intense, notably in, shall we say, United States and Canada. He points out what is to be the inevitable outcome. He seems to think it must be separation or unification and it is difficult to take a middle path. If we can attain that middle path, very well and good, sir. But he shows so clearly that federation is a political expedient only and neither an economic nor a moral principle. I feel, sir, that people thinking in terms of narrow provincialism can never attain to any loyalty to make Canada a nation. He says these words, and I would like to read them to you, sir, "In a moment of crisis/^a conflict of claims may arise and it is then apparent that ultimate allegiance cannot be determined in the last resort by a juristic interpretation of statutes, but the law must conform to the facts or so much the worse for the law." We are up against that in Canada to-day, for this law must conform to the facts. And these few words also, he says "The troubles of federal states, like the outbreaks of facism, are a warning to the world to choose between chaos and co-operation in the economic field."

In conclusion, sir, I do feel this most strongly and say it fervently on behalf of the C. C. F. clubs which I represent, that we Albertans or Nova Scotians, Westerners of Easterners are fundamentally Canadians and must in the final analysis owe our allegiance to Canada, our first allegiance to Canada, an indivisible nation. For thus only can we prevent there stalking rampant through this land a feeling of discontent and despair, and thus only can we rout that feeling, and replace it in Canada with a splendid spirit of useful accomplishment. Thank you, sir.

THE CHAIRMAN: Thank you, Mr. Hyndman. Mr. Irvine, just so we will know the body of opinion represented by this brief, I should like to ask you what I have asked others presenting briefs. What is the number of your clubs and the extent of your membership?

MR. IRVINE: We have 104 clubs only in this province. We are one section of the C. C. F. only in this province. In federal fields the C. C. F. is comprised of the U. F. A., the Labour party and the C. C. F. clubs.

THE CHAIRMAN: And what would be the approximate strength of your C. C. F. clubs generally as to membership?

MR. IRVINE: I think our membership would be approximately 2,000 at the present time.

THE CHAIRMAN: And spread all over the province?

MR. IRVINE: Yes.

THE CHAIRMAN: Mr. Stewart, are there any questions?

MR. STEWART: No, my Lord, I have no questions.

THE CHAIRMAN: The brief will be entered as Exhibit number 257, and we thank Mr. Irvine and Mr. Hyndman for presenting not only a very interesting and important brief, but presenting, with clarity and force, their views on these matters. It is needless to say we reserve our opinion on these matters until we have heard everything to be said.

COMMISSIONER SIROIS: It is a very tall order, as you said yourself.

MR. HYNDMAN: I fully appreciate that. I am not at all unaware of the fact, sir.

EXHIBIT NO. 257: Brief of the Council of
the Alberta C.C.F. Clubs

THE CHAIRMAN: The next brief is that of the Western Canada Fuel Association, Mr. Lipsett and Mr. Burgess. Mr. Lipsett, you are presenting this brief?

SUBMISSION

by

WESTERN CANADA FUEL ASSOCIATION

MR. L. R. LIPSETT: If it pleases, sir, I am presenting it. I think perhaps you might permit me to say a word by way of personal explanation before I start, because when I was first asked to present this brief on behalf of the Western Canada Fuel Association I definitely declined for two reasons: one, that I thought looking at your terms of reference that it was a very far cry from reconsidering the basis of confederation which took place some 70 years ago, to the coal industry of Alberta.

THE CHAIRMAN: I thought that when I looked at your brief.

MR. LIPSETT: Which I thought, sir, at that time was merely a spot on the map. And in the second place, that if I did succeed in satisfying you, as I think I will, that it is entirely within the terms of your reference, I felt that possibly it could be done much better by somebody more intimately acquainted with the coal industry and with the conditions in this province than one such as myself who is merely a visitor, a very delighted visitor, in Canada.

However, sir, the more thought I gave to it, I commenced to think that possibly it was of much greater importance, than one at first would imagine, to the very important matters upon which your Commission is engaged. The position as I see it of this province and all the Western provinces in the economic life of Canada is a very peculiar one. They in some ways are almost entirely dis-associated economically from the conditions in the Eastern parts, in the highly developed manufacturing parts

of Canada. They also, sir, in their own way, appear different from any other agricultural community in the world.

The progress and the prosperity of this province and its ability to take its place within the Dominion and immediate share of the obligations of the Dominion, depend largely on two things. One is agriculture and the other is the coal industry, the natural resources that it has in the way of coal. There is perhaps a recent development that may help in the oil industry. But speaking of the past it has been either agriculture or the enormous resources that it had under the ground upon which this province must depend both for its prosperity and its ability to play its part in the Dominion of Canada.

Unlike any other agricultural community that one can consider, when it raises its agricultural products it is unable to sell them in any other part of Canada, speaking generally. It is situated over 5,000 miles by one route and over 1200 by another route from the place and places where it has got to sell its wares and its produce. If you take almost any other country depending upon agriculture for its livelihood, for instance, take the Scandinavian countries in Europe, they are right on the seaboard. Or take Australia and its real population down along narrow strips of the sea coast where their products go over a short distance until they come to the seaboard. Take another competitor with the Western part of Canada, the Argentine, and I understand the average distance that their grain and agricultural products have to travel is something like 200 miles. And take New Zealand, it is a comparatively small island, the sea coast is near every part of it. As against that this province has to ship, as I say, these enormous distances before it can get a

market for its agricultural products. I think that has been one of the difficulties that this province has suffered from.

I was just going to ask you to glance back for a moment at the history of this province because it is only a matter of about 40 years. On looking up some details about it, I found that in the beginning of this century the entire population of this province was only around 73,000 people. Whatever has been done in this province has been done practically within the last 40 years.

Now, sir, the position in developing seemed to be this, that they had to take all their produce largely down through eastern Canada to the ports there. Enroute they contributed a good deal towards the development and the improvement of Eastern Canada and incidentally they had to contribute to the well-being of Eastern Canada during the time their products were being transported through that part of the country. Then they had to send their products across the ocean and sell them, not at prices that might be thought fair on the Canadian standard of living, or the Canadian costs of production . but in competition with countries where perhaps the standard of living was lower, where the transportation costs were lower and the transportation itself much simpler. And having done that, and got back the money, the very reduced money by comparison with Canadian standards which they were able to get in the world markets, they then had to turn around and pay for all their materials that they needed for this production and procure all those articles in Canada and in Eastern Canada, and pay prices which were very highly protected for the general benefit of the manufacturing industries of the country, and presumably for the general good and general benefit of Canada as a whole.

On looking into it and thinking it over I felt and feel that there could only be one end to that situation if it were allowed, as it has been up to date, indefinitely to continue. As I understand it as early as about 1910 to 1912 or 1914 the depression struck these provinces in the West, and a depression that looked as if it were going to be very serious. Looking back to that period and comparing it with what has happened in the last five or six years I think that one is gradually forced to the conclusion that economically it was impossible for the agriculture of this province and the Western provinces to meet the demands that they had to pay for their manufactured goods and for their ordinary cost of living on a protected basis and to do that out of the profits or the receipts of goods which had to be sold at very much reduced prices which they could get in the world market. The conclusion was very much impressed upon me, sir, that recent events in this province which no one can regret more, I am sure, than the Commission does and more than I do, that these events were not caused by some malicious design or malicious conspiracy or anything of that sort, but that they were something which ultimately was bound to come by reason of a false and unsound economic system which was in existence as between this province and the other provinces of Canada.

THE CHAIRMAN: You recognize, Mr. Lipsett, the Commission has no opinion on the policies of the provincial governments?

MR. LIPSETT: With every respect, sir, I do not intend to touch on anything political at all. In fact, as I will tell you in a moment, I have gone so far as to get the goodwill of the present government in this province in my presentation of the case. I will refer to it in a

moment. But what I am suggesting to the Commission is this, that leaving politics out altogether, that politics is not the cause of the situation in this province but it is economic and it is caused, I think, by the fact that agriculture in the west has been called on in the past to pay very much more than agriculture is able to pay for on the present prices of what it has to pay.

Now, sir, I think this state of affairs was beginning to show itself in 1912 and 1910 and prior to the war.

THE CHAIRMAN: Mr. Lipsett, how do you relate that, or how do you relate this coal proposition to our investigation?

MR. LIPSETT: I am just endeavouring, sir, I do not want to take up more of your time than is necessary, but I am trying to show you the picture as I see it and to develop from that how definitely it is within what you have to consider, sir, because undoubtedly I think you will confirm to me that the conditions of this province and the relationship of this province to the Dominion as a whole, is one of the important items that you will consider.

THE CHAIRMAN: The relationship of the government of this province and the financial position of the government of this province in relation to the Dominion, yes, and the question of taxation in this province, yes, and public debt, yes, but not general government policy.

MR. LIPSETT: No, sir.

THE CHAIRMAN: Either provincial or Dominion does not fall within our scope.

MR. LIPSETT: With respect, sir, I will endeavour to keep within the decision that you have given and my intention is to keep within that. But I was trying to present the picture, as I see it, as to why under the present

basis this province, in its relations with the Dominion, is in the condition that it is in at present, the financial condition. I am endeavouring to show, sir, that that is due to economic facts and historic facts and is not caused, although a definite position might be taken on it, by any government. And the way I see the picture is this, that the funds that were available from this province to pay its debts to the east and eastern Canada and to pay its due taxes and levies to the Dominion, that they were too narrow prior to the war, but that during the war period, owing to the very high inflated prices that were obtained for a few years for the agricultural products of this province, it appeared that this province was able to carry the load which the Dominion imposed on it so far as the government was concerned and that the individuals in the province were able to carry the load of their private obligations during those years. Once that period of highly inflated prices for agricultural products disappeared and once the prices reverted back to their normal condition, then I think, sir, the position was this: that neither the government nor the people were able to meet the strain out of the assets and the income that the people of this province had.

Now, sir, if that is so, then one comes to whether anything can be done to improve those relations and to make it possible for this province to meet and pay its way within the Dominion and meet its obligations to those people to whom it owes money in Eastern Canada and elsewhere.

Endeavouring to see if we could present something that was helpful to the Commission and to the industry, when we got the general lines worked out, I endeavoured to get in touch not only with the people who had originally

asked me to present this brief, but with a large volume of opinion in this province.

The Western Canada Fuel Association, for whom I was originally asked to present the brief, sir, is an organization that was started for the benefit of the coal industry generally some sixteen, seventeen or eighteen years ago. It includes to-day the mines of the province, speaking generally, sir. There are some small ones that are not included. It includes wholesalers and it includes all the people engaged in these four Western provinces, or the great majority of the people engaged in the distribution of coal in the province. It is a large organization. They publish a book which I do not intend to trouble you with at much length, sir, but of the various people engaged in the industry, from that I find there are some 46 mines and some 116 wholesalers and about 1,000 different points where the various elevator companies handle the product, and in all about 3,000 people, apart from the mines who are interested in this industry in the province.

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THE CHAIRMAN: We will accept the fact that you represent a substantial portion of the industry. Perhaps you could go on and deal with that part of your representation which is relevant to this inquiry.

MR. LIPSETT: Well, sir, I felt it would be more helpful to the commission and possibly strengthen the case which I have to present, if I got in touch with the various people in the industry. On my own responsibility, with the goodwill of the people who asked me to make these representations, I approached the representatives of organized labour in this industry in the province. I acquainted them, shortly, with the view I intended to submit to the commission, and I have received, I think, a very wide measure of support within the industry and within the province. It may be a matter of some interest to the commission, and at all events will let you know that we are not putting forward some narrow scheme to get extra profits within the borders of this industry, but we are putting forward a scheme which we believe will benefit the people who are directly or indirectly engaged in this industry. I do not like to say anything like that unless I can give the exact terms of my authority. I would like to read a letter which I have from the Secretary-Treasurer of the United Mine Workers of America, to whom I have written, in general, concerning what we were submitting and who has a copy of our brief. He writes:

"Referring to our recent interview during which you gave me a general outline of the representations you intend to make before the Rowell Commission on behalf of the Coal Industry, I have seen the written brief prepared by the Western Canada Fuel Association and I am happy

"to confirm that you have the full support of the mine workers in this connection.

In making these submissions to the Commission, you may take this letter as covering authority to represent Organized Labor at the hearing in addition to your appearance for the Operators.

Trusting your representations to the Rowell Commission will result in remedial action being taken to the end that the welfare of those connected with the Coal Mining Industry and the country generally may benefit thereby,

With kindest personal regards,

Yours very truly,

G. H. Morrisson,

Secretary-Treasurer,

District 18, U.M.W. of A. "

We also got in touch with the representatives of the railway men who have a very large interest, all through Canada in this industry because of the amount of money obtained from transportation.

THE CHAIRMAN: We will admit, for the purpose of the presentation, that all the people engaged in the industry, directly or indirectly, are sympathetic with the submission which you are about to make.

MR. LIPSETT: Then, perhaps, the only thing to which I might venture to refer, is, that having got in touch with everybody either directly or indirectly connected with the industry, I approached the Minister of the Department of Lands and Mines in this province. I do not want to make any statement at all on the policy of this government in regard to any matters which are coming before you, but I have explained to the Minister, both in writing and verbally, the object which I had in coming

before you and the request I had to do so. The Minister of Lands and Mines sent me a letter which, perhaps, you will allow me to read into the record.

THE CHAIRMAN: Yes, you may read it.

MR. LIPSETT: I quote from the Minister's letter:

"Dear Mr. Lipsett:

I note from your letter of the 30th ultimo that you have been asked to present the brief for the Western Canada Fuel Association, which association, I understand, represents most of the steam coal and domestic coal operators in the province.

I have had the privilege of scanning the brief, and feel that it deals fairly with the case, and it is to be hoped that the Dominion government will recognize this as a national problem worthy of their most earnest consideration.

As pointed out by you in your letter, it is your intention to deal with the benefits that would accrue to the entire province and to the Dominion of Canada. This I think is an important angle from which to view the case as the effects of a solution would be very far reaching.

Yours very truly,

N. E. Tanner,

Minister."

If it would be possible to do something as a result of this commission, to do something which would enable more normal relations to be resumed, financial and economic relations between this province and the Dominion, between this province and the people to whom it is indebted, and between these people, as individuals, and those to whom they are indebted, I believe the commission would be doing

something of very great importance. If I can be of any help to you in that connection, can in any way assist you, I would be very glad to do so. I believe it is a question of great importance to the relationship of the province and the Dominion because I have, myself, noticed ideas and feelings in these western provinces within the last two or three years with regard to relations with the rest of Canada and the Empire that certainly were not in existence when I first had the pleasure of arriving in Canada some seven or eight years ago.

THE CHAIRMAN: What are your practical recommendations, what are the specific recommendations which you are making?

MR. LIPSETT: My Lord, the recommendations, as I see them--we have got to do something, putting it generally, we have just got to do something if this province is to maintain itself within the federation of Canada. We have to do something that will enable these people to assume their obligations.

THE CHAIRMAN: Yes, but what, in relation to the coal industry? You must come down to that because that is specifically your problem. We appreciate what you have said concerning the general situation, but what is it you suggest must be done in relation to the coal industry to help meet the situation?

MR. LIPSETT: I would rather, perhaps, develop it a little more in my own way. The specific matter I intend to put before you is this, sir; at the present time the resources of Canada are being lost to the extent of some \$40,000,000.00 per year. I think I would be able to satisfy you that the figure is closer to \$50,000,000. This money is being taken out of Canada year by year, and has been for the last ten or fifteen years, to pay for profits which the people of Canada have worked for

themselves, and which should be kept in this Dominion. This money is being taken out of the pockets of the workers and the industries of these western provinces, and is being sent across the international line to our friends there. It is building up homes for the workmen and operators and the people generally, but the people of Canada are not receiving much of it.

THE CHAIRMAN: What is it that should be done to meet that situation; that is what I want to know?

MR. LIPSETT: There is a problem there, and if that money could be retained in Canada, the effect of it would be very great. The effect of it would extend far beyond \$40,000,000.00 or \$50,000,000.00 which is the original figure. In that connection, I would like to refer tyou to a speech that was made by the Minister of Finance.

THE CHAIRMAN: If your submission is going to take much more time, we will hear your further to-morrow morning.

MR. LIPSETT: I do not think, sir, I could finish in any reasonable time.

THE CHAIRMAN: Well then, we will hear you further to-morrow morning at 10.30.

(The commission adjourned at 4.50 p.m.,
until 10.30 a.m., Saturday, April 2, 1938)

(ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS)

REPORT OF HEARINGS

REPORTERS:

George Thompson
John Robertson
David Torry



EDMONTON, ALBERTA, APRIL 2, 1938

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ROYAL COMMISSION ON DOMINION-PROVINCIAL RELATIONS

 EDMONTON, ALBERTA, APRIL 2, 1938

The Royal Commission appointed to re-examine the economic and financial basis of Confederation and the distribution of legislative powers in the light of the economic and social developments of the last seventy years, met at the Court House, Edmonton, Alberta, on Saturday, April 2, 1938, at 10.30 a.m.

PRESENT:

HON. CHIEF JUSTICE NEWTON W. ROWELL....CHAIRMAN

DR. JOSEPH SIROIS)

JOHN W. DAFOE, Esq.)

Commissioners

DR. ROBERT ALEXANDER MacKAY)

PROFESSOR HENRY FORBES ANGUS)

Commission Counsel:

James McGregor Stewart, Esq., K.C.

Secretariat:

Adjutor Savard, Esq.

R. M. Fowler, Esq.

Wilfrid Eggleston, Esq.

Acting Secretary

Legal Secretary to the
Chairman of the CommissionAssistant to the
SecretaryFOR THE WESTERN CANADA FUEL ASSOCIATION:

L. R. Lipsett, Esq.

Representative

FOR THE DRUMHELLER BOARD OF TRADE:

F. C. Moyer, Esq.

Representative

FOR THE ASSOCIATED TEMPERANCE FORCES OF ALBERTA:

A. L. Marks, Esq.

Representative

FOR THE MEDICINE HAT CHAMBER OF COMMERCE:

G. M. Blackstock, K.C.

Representative

W. E. Simpson, Esq.

Representative

FOR THE EDMONTON CHAMBER OF COMMERCE:

John M. Imrie, Esq.

Representative

April 2nd, 1938,
Court House,
Edmonton, Alberta,

MORNING SESSION

The Commission met at 10:30 A.M.

THE CHAIRMAN: Mr.Lipsett, will you continue, please?

MR.LIPSETT: May it please you, sir, I propose to come immediately to the point where I left off, as I understand time is an important factor. The request I wish to make is that you might find it possible to make a recommendation that at least a start be made in retaining in Canada this \$45,000,000 which goes out of the country each year. That sum is considerably larger, because that figure represents the cost of coal at the head of the mines in America, and it does not include the freight rate to the border, so that the annual sum that goes out of the country is more than \$50,000,000. That sum, if it had been possible to make it available during the last five years, would have taken care of the entire sum spent in Canada on relief. I do not say there would be no relief, but it would be equal in amount to the entire sum spent in Canada for relief purposes during the last five or six years. Or, alternatively, it would have taken care of the adverse trade balance between the West and the East. That is, if it is a feasible proposition, it will take care of that adverse trade balance, and would have prevented this dreadful default which has taken place both in public and private debts in the West of Canada.

Now, as to whether this is feasible or not, there are one or two considerations which I would like to put before you very shortly. The actual benefit of the money would be a great deal more than \$50,000,000 because, as I saw in an address in the House of Commons by the Minister of Finance, that money turns over about twenty

times in the course of a year under present conditions, so that there would have been a sum of practically one billion dollars per year, if this had been retained in the country, of new wealth. Now, in an attempt to keep that money in the country there are two methods; one, subventions, and the other, tariff. I do not intend to go into any detail in regard to this at all, but merely to say this, that the combined effect of those two things in the past has been to increase the actual output of Canadian coal by some 300,000 tons per year, that much new wealth. In the second place, the tendency seems to have been to reduce the cost price of American coal that has come in under the tariff. They have attempted to meet the tariff, and in that way the consumer has paid no more for American coal than he was paying before, and the Dominion has had the benefit of the tariff. The combined effect of the two has been an increase in the production of real wealth in the country to the amount of 300,000 tons per year, and a profit to the Dominion of the difference between the subventions and the tariff; the actual total sum collected under the tariff and the actual sum paid out in subventions has given a small profit to the people of Canada, which has been used for beneficial purposes.

It is obvious, however, that that has not touched the question to any great extent. It has dealt with 300,000 tons of coal out of an importation last year of 14,000,000 tons of American coal, which came into Canada. Now, sir, if a start could be made to keep that money which has been spent on that coal, in Canada, it could not be done at once,--but if a start could be made it would certainly, in my respectful submission, be of great benefit not only to the west of Canada but to Canada as a whole. Therefore, we suggest that if the proposition meets with the approval of

the commission, that a start might be made by establishing a quota system. That could be done in one of two ways, whichever appealed to the government. The 14,000,000 tons that came in last year might possibly be reduced to 10,000,000 or 11,000,000 for one year, the first year, and perhaps by an additional million or two million tons during the succeeding two years. In other words, a trial might be made over a period of say, three years to reduce the amount of American coal that comes in by an annual figure of a couple of million tons. That would give industry in Canada an opportunity to adjust itself; it would not cut off the supplies that people in the east require all at once, but as new plants went up and as repairs were made to the various systems of burning fuel in the east, the plant could be adapted to burning Canadian coal instead of American coal, and that would give a period during which people could become accustomed to using Canadian fuel, and keep the money in the country.

The alternative would be this, sir, to establish a permit system for the importation of all American coal into Canada. The present position is, we take in 14,000,000 tons of American coal and we export to the United States 1,000,000 tons of Canadian coal. If a permit system were adopted, one could let as a matter of course or almost as a right, a million tons of coal come in from the United States as against a million tons we would ship into the United States.

THE CHAIRMAN: How about cattle from the United States? Will you permit them to ship as many cattle into Canada as are shipped into the United States?

MR. LIBBETSON: Could I just leave that for one moment? It is one of the things I had in mind, and I will come to it, if I may, because I have a note on it.

The remaining 13,000,000 tons would be subject to a permit by the Canadian Government, and for the first year they might say, "We will give a permit for 10,000,000 tons" so as not to dislocate present arrangements. "We will give a permit for 10,000,000 tons, without any counter-benefit from the United States at all," and that permit could be reduced and it would give the Dominion complete control over the situation. I do not think the United States could object to it, for this reason, -- and this brings me to the cattle question, -- there is very strong opposition to the Dominion Government at the present time because they are letting in 14,000,000 tons of coal without any quid pro quo. They would be in a position to say, "We will allow you 10,000,000 tons of coal, but you must take a certain amount of our Canadian products, -- cattle, in return." It would give them a very strong bargaining point.

On this very same subject, sir, of cattle, as you know, this very question has arisen between England on the one hand and the Irish Free State on the other. A tax was put on English coal going into the Irish Free State, and a tax was put on Irish cattle going into England. Canada benefited from that tax indirectly, by the number of Canadian cattle which could go into England. That was actually made a bargaining point between these two, and a bargain has been in existence for two years under which a certain number of Irish cattle are allowed into the English market, in return for a certain tonnage of English coal going into the Irish market.

That very same principle, I respectfully submit, could be used with great effect by the Canadian Government in conducting their negotiations with our friends across the border. They could adopt a quota system with reference

to Canadian cattle going in, as Britain has adopted a quota system with reference to Canadian cattle going into England. There cannot, in principle, be any objection to the quota system being applied by this country to coal coming in from the United States, and we would have a strong bargaining point, a point which might be of considerable benefit to Canada, if we had coal as one of the commodities with which we could negotiate. At the present time, coal is out of every negotiation in effect; it is not a bargaining point which we can use at the present time because of the attitude that it is uneconomical to send our western coal to the central market. I think that if such a bargaining point could be stressed it would be of great benefit to both the western industry and the central market. That is the gist of the submission we wish to make to you.

The American people find it economical to keep out Canadian coal, for instance, from this province. Coal from this province, -- from the Crow's Nest, would be the natural coal for Spokane and the surrounding district, but when you endeavour to get a contract to ship a few tons in there, it is almost immediately stopped for one reason or another. I do not want to go into the incidence, but I am not making a wild statement, I am making a statement on which we have the facts to support. We do feel, sir, that if we could make some submission which would at least have the effect of giving this policy a trial that it might do a great deal to alter the present relationship between the western provinces and the east.

Now, I do not think, sir, that the eastern manufacturers, -- I know they must be protected and their interests must be considered, -- that they will be really affected in the way that people think. The total cost of fuel, so

far as coal is concerned, in the industries of the east, -- we have the figures, -- it runs less than one half per cent of the cost of producing their merchandise.

THE CHAIRMAN: Of course, that is an average?

MR. LIPSETT: Yes, an average sir.

THE CHAIRMAN: In some plants power is a very important factor and in others it is a minor factor.

MR. LIPSETT: I am giving you the average figure, and the way it would work out would be this: You would not turn around and force western coal on a plant where coal is the highest factor, but less American coal would come in under the quota system, and the plants in the industries which could most readily adopt the use of western coal would adopt it first, and it would be a gradual process. You would not turn around and increase the cost of manufacture of one industry by ten or fifteen per cent. If there was less American coal coming in, the people who needed it most would possibly give a little extra for it in order to get it, and the other people would suit their plants to enable them to burn western coal. As I see the picture, sir, the benefit to all Canada -- I may be entirely wrong in this but I am giving you my sincere expression of opinion, -- if this wealth could be retained in the country, would be very great, and the small loss which anyone might suffer would be more than swallowed up in the great benefits which would accrue if we could cut out this enormous expenditure kn relief, and the discontent that accompanies it.

I do not know, sir, if you gentlemen on the Commission realize some of the circumstances here, but I have in the last few years driven some eight or ten thousand miles each year through these western districts, and I have many a time picked up people who were walking along from

one place to another, and the stories of the discontent and the pictures of unrest and almost disloyalty that are being caused by conditions in the west are, in my opinion, a danger to Canada which might develop, and it is a danger to the relationship between the east and the west. I have heard talk about people in the east not being interested; they do not care about Canada, they do not care about the empire. There are people who would never think along these lines a few years ago, and if some start could be made to try and meet the difficulties in the west, not by fantastic ideas at all but by some sensible, businesslike arrangement, I believe that this commission would be doing more for Canada as a whole than any other thing I have seen since I have had the pleasure of being in the country.

THE CHAIRMAN: Thank you, Mr. Lipsett. Your brief clearly and forcefully sets forth the contentions you have been making.

EXHIBIT NO. 258: Brief presented by
Western Canada Fuel
Association.

THE CHAIRMAN: The next is Mr. Moyer, representing the Drumheller Board of Trade.

MR. F.C. Moyer, representing the Drumheller Board of Trade, was called.

MR. MOYER: The board which I represent, sir, regrets that someone with a greater weight of authority has not made a presentation to this Commission of what we have to submit. We do not propose to deal with the whole scope of the enquiry, but we are very much concerned regarding the unity of this Dominion in the future. There are two points which concern us, one of which we wish to lay broad stress upon in a way that so far as we are aware of has not been dealt with before the commission. That is, the

public debt of this province. Our submission applies solely to the provincial debt of Alberta; we do not presume to say that the same circumstances obtain in other provinces, and we are not saying that the city debt is not as represented to this commission. But, we find that the public debt of the province has been a matter of a great deal of discussion, and rightly so, but many propagandists have siezed on that statement which has been made, that the public debt is overwhelming, and never will be met, so that there has been created in this province a rather dangerous feeling towards that public debt. Many people are saying that since it is all a joke and will never be met, they might as well live as extravagantly as they like, borrow what they can, and when the crash comes they will at least have had the fun of spending the money, which we submit is a very dangerous attitude of mind. We are submitting to this commission very earnestly the proposition that this province is not bankrupt, and that this province, as a province, can pay its debts in full, and we are asking the Dominion to stop pampering us and to compel us to pay those debts.

THE CHAIRMAN: That is a new note.

MR. MOYER: We allege that there has been very extravagant expenditure of public money in this province. I hope what I have to say will not be taken as a criticism of any particular government. In my view, they differ only in degree; what I have to say applies to all of them.

We have set out in our brief three causes of this excessive expenditure of public money. One of them is the enthusiasm of the early settlers here, and by all our governments and all our people having belief in the province, which led us to develop more rapidly than necessary. The Commission may remember the submission of the doctors, in

which it was stated that only one half of the students educated in medicine in the university registered here, and that only one half of those who did register here, remained here. That is, one quarter of the students we educate serve the province of Alberta, and the other three-quarters we educate for the good of the rest of the world. I have made the statement in the brief, and it is admitted by the government, that there is one department of our higher education where the cost is such that we could afford to send all the students in that branch east, and pay their expenses, and still be money ahead. Now, that suggests, sir, that we have gone a long way in expansion, and what I am afraid of is that if some check is not put on the governments of the future that we will repeat that same mistake. It is very nice to have many of the things into which the government has delved as a matter of government support and government activity, but the question arises whether we can afford it. It seems to us that the attitude of the government today is that we shall continue living on the same scale as we have in the past, and ask for outside support to maintain it, which of course, in the case of the individual, cannot be done. The individual has to live according to his income, and cannot expect to go to his friends and say, "Well, I used to have an income of \$50,000; it is reduced to \$5,000, so I want to borrow \$45,000 a year to keep on until this depression is over." We think there is a duty on the government to reduce unnecessary expenditure, even though it may be nice to have certain things if we can afford them.

With all respect, sir, we submit that the Dominion Government has never investigated that basis of provincial expenditure, and that it is their duty to do so before further grants or loans are made to this province.

In regard to the second cause, we have illustrated the expenditures for varied purposes. As I state in the brief, each Government seriously believes it gives the best government possible of any group in the provinces, but to give that government they have to be elected, and they are constantly subject to pressure by the people to spend money, and to avoid making enemies, money is spent which would not have been spent by the government of its own volition. Now, I cannot, of course, with the time at my disposal, prove many of the things conclusively which I have stated. May I give just one figure which will, I think, suggest to the Commission that there is some ground for what I have said. In 1914 it cost this Province on current accounts, including interest on the then public debt, \$3,900,000, and at that time we had what I say was conceded to be all the necessary forms of Government at that time. We had our courts and our court houses established as they are today; we had our land titles system; we had our police; we had embarked on our railway policy; we had bought and were operating our telephone system. Yet that sum has been increased, until this year, after deducting all the costs for interest charges and public debt, we budget for an expenditure of \$13,000,000 plus. That is an increase of \$9,000,000, with no account of the increased amount owing on the capital debt incurred in that time. The total budget is \$22,000,000, of which \$4,000,000 is for interest charges, leaving \$17,000,000 net. If the total rate of interest contracted for were paid the budget would be \$26,000,000, but of that \$26,000,000, \$5,000,000 is really for capital expenditure which they put into the one account because they do not propose to borrow, owing, I submit, to inability; \$5,000,000 for capital

expenditure, and other things which are contemplated during the year, which leaves a net after deducting all the capital expenditure, - after deducting all the interest charges, of \$13,000,000 as against in 1914, when all the necessary functions of government were here, \$3,900,000. I submit, sirs, that that statement in itself is some foundation for the statement I have made, that there has been extravagance in the routine expenditure.

THE CHAIRMAN: Have you kept in mind the difference in population?

MR. MOYER : The difference in population is very little compared to that increase. May I give just one further illustration. This is routine expenditure, made last year, The Government showed that the civil service had been increased by a net amount of several hundred employees. Some had been dismissed. The total amount engaged, I think, was 955, or something like that, but the net increase was several hundred. Yet at that same time last year, one of the largest, if not the largest department so far as office staff is concerned, was working on part time to save employees being dismissed. They could have easily transferred stenographers and clerks from that department to other departments, if they needed them, who would be just as qualified as new men in an entirely new field. We are urging this as we feel that owing to the pressure that is brought to bear on governments we will get no relief unless the Dominion takes advantage of this time when the province is not able to finance of its own accord, and says "Yes, as a term of our lending assistance we require certain things to be done". In that connection we have asked for the appointment of a loan council. We have asked that that

loan council supervise not merely their borrowings, but make it clear to the government that one of the things which will guide them in authorizing borrowings, will be whether they budget honestly and whether they keep within that budget. Budgeting, if a person is not very sincere about it, is a very simple matter. You can take a pencil and say "We estimate our income at so much, and our expenditures at so much", and it may not mean very much unless a sincere attempt is made to keep within those boundaries. We have had annual deficits running into the millions for years.

We have suggested also that a third cause of government expenditure is that in periods of boom the people imagine the governments are prospering just as they are themselves, and they urge the government to make more improvements and more expenditure, while in reality, government expenditure should, in the main, be during a period when it is not competing with private industry and not paying the high prices in such competition, both for material and labour, and that provision should be made for these known periods of depression so that the government can do such work as it may in those periods, and that plans should be made accordingly. We are suggesting that to further that end the governments should budget, just as they require our municipalities to do, for a cash income, allowing for a certain proportion of the taxes imposed not being paid. In all our city and municipal acts that is laid down, that the tax rate shall be such as will provide an actual cash income, recognizing that a portion of the taxes will not be paid in that current year. We then ask that those arrears of taxes when collected should go into a reserve or capital fund, for the very purpose, which we have mentioned, - of taking care of public works during periods of depression.

applies to
That not merely/taxes, but arrears on royalties and
rentals on public lands and resources. Now, those run
into a very considerable sum in this province. I do not
know the state today, but I do know that four years ago
when I checked the public school lands account we found
that lands which had been sold in 1905, some before the
creation of the province, and some after, had not had
a single payment made on them since. The amount owing
was about four times the amount of the original sale price,
owing to accumulated interest, and yet the people had
had the use of those lands all that time.

THE CHAIRMAN: What is the explanation of that, the
disinclination of the government to collect from people
who owe money to the Government?

MR. MOYER: Partly, sir, and partly, I suggest, the fact
that there was not sufficient attention in the department
to these files; that a file might be put away and nobody
delegated to check up on it in the future, and if a man
did not volunteer his payment, something was wrong with
the routine. I found files which had not a single letter
calling on the debtor to pay over all those years.

(Page 6570 follows)

Those arrears, sir, of course to the school land funds are trust funds, they could not go into that, but I mention that as showing the amounts which are owing. I know oil companies that owe many thousands of dollars on arrears of rentals of land. We are suggesting that all those arrears should go into this capital or reserve fund for the purpose of taking care of these periods of depression.

THE CHAIRMAN: Just on that point, before you pass from it, we would like to have your view on this aspect: that question was presented at our Saskatchewan hearing and the member of the government to whom it was suggested admitted that the proper policy was to prepare in periods of prosperity for periods of adversity by accumulating funds that would help tide them over. But he said under our system of popular election and so on it was not possible, the public would demand that any surplus should be spent for some purpose which the public thought desirable.

MR. MOYER: That is the reason I have suggested now, while the province is asking the Dominion for help, the creation of this loan council with these terms imposed. I really believe that any man who has had experience in our provincial government would welcome, whatever he might say in public, would welcome in his heart that very thing, that he would be relieved of this pressure from public opinion, that he could go to this council and say, "We are asked to do so-and-so, spend certain money for certain projects". And then the responsibility is put on that loan council as to whether that money should be spent.

The province itself is doing it with all its subordinate governments and private corporations. We have to go before the board of public utilities commissioners before any municipality, school district or private corporation can issue a bond or debenture issue. So that

the principle is there and it has worked out very well in regard to these bodies and we think that now is the time when the Dominion has a chance to impose that term on the province. We believe that, although there will be those who say that that is an insult to the province, but the men who really know what goes on in this province will welcome it, including the administrators of the government themselves.

You see, it is just human nature that a man wants to be re-elected again. My own experience has been that your enemies are more active at election time than your friends. Your friends may be out golfing but your enemies will always be there at that ballot box. So the tendency is to avoid creating enemies, even though you feel the measure of gratitude to you is not commensurate with the expenditure.

May I say this: some years ago I made the statement to the then premier of the province that we were spending a million dollars a year in this province simply to maintain party strife. He demurred at that figure for a while but when we went into the details he thought possibly I was correct. Now, that item has increased with the years too, and to-day is at least twice what it was at that time.

Those things would be eliminated by the creation of a loan council having powers such as I suggest. Of course the party would not be able to say that it, of its own volition, built this Court House or this bridge or these other things. It was done by the agitation of the people and submission to this loan council, an independent body. And if we can cut our expenses even a portion of that increase of \$9,000,000 there is no reason at all why

this province should be in financial difficulties.

We have mentioned the matter of tariff, sir. We do not propose to go into that. The tariff is the cause of friction between the East and West but may I state that in my opinion the only ground that the West holds of resentment regarding the tariff is that they feel that we are all one family or partnership, but that the East is getting protection from the tariff, and they are quite willing to grant that, but they feel that in turn the West should get some protection for its products. That is, we are quite willing to assist the East, quite willing to pay a little more for our goods we buy from the East if necessary, but we think in turn, where possible, there should be some similar treatment of the Western provinces. We know in some cases it is not possible. One thing in which I think it is possible is the cattle industry. Wheat, I submit, is in a different position. But we do enunciate that one general principle, that where it is possible the government should reciprocate and give to the West such protection as is possible, to reap some benefits from whatever tariff policy the government may have.

COMMISSIONER ANGUS: When you speak of an independent loan council, what sort of council have you in mind? One appointed by the Dominion?

MR. MOYER: Certainly, sir.

COMMISSIONER ANGUS: Or appointed by the finance ministers of the provinces?

MR. MOYER: I would have it appointed entirely by the Dominion, perfectly independent of the provinces at all. That is my view of course.

COMMISSIONER ANGUS: Also independent of the Dominion government of the day?

MR. MOYER: That is desirable, if it can be done.

THE CHAIRMAN: We thank you, Mr. Moyer, for a very interesting brief and submission. The opening part of your submission, at least, strikes an entirely new note so far as submissions before us are concerned. Most of them have been for increased expenditure and yours is for decreased expenditure. Thank you. Mr. Stewart, have you any questions?

MR. STEWART: No, my Lord, I have no questions.

EXHIBIT NO. 259: Brief of Drumheller
Board of Trade

THE CHAIRMAN: The next brief is from the Associated Temperance Federation, Mr. Marks.

SUBMISSION

by

ASSOCIATED TEMPERANCE FORCES OF ALBERTA

MR. A. L. MARKS: Mr. Chairman and Gentlemen: I have something to say, therefore I will be brief.

I would like to make one or two observations. Firstly, that I promised your secretary I was going to be brief and I intend to keep my promise. Secondly, I note that this brief has rather a clear field so far as competition is concerned. It is more or less in the position of the wildecat that the Irishman didn't want to grab. It is a difficult question to bring forward but it must be faced by someone and it has not been faced adequately in the past.

I notice there is some disinclination to rush in and claim jurisdiction over this question between the Dominion and the various provinces.

There is one desirable feature, apparently, in connection with it and that is the income that is involved. When I say that the subject is an important one, of the liquor trade, I think I only need call attention to the

fact that our expenditures in the province during the past year, the last fiscal year of the Liquor Control Board reports were \$9,647,000.

I call attention also to the fact that take 1930 for example, seven of the provinces, Nova Scotia not having been brought into the list where liquor could be sold yet, the expenditures of the seven provinces in the one year amounted to \$127,415,000.

It will be seen that this question has its financial and economic aspects. Unfortunately, those are not the important ones, but it is a fact and a well-known fact that every dollar that is spent on this makes necessary the expenditure of other money in order to protect the people and the nation.

I am going to assume several things. I am going to assume, for example, that the Commission is familiar with the terms of Sections 91 and 92 of the B. N. A. Act.

THE CHAIRMAN: I think you are safe in that remark.

MR. MARKS: From the submissions I have listened to I wondered whether that was a common assumption.

THE CHAIRMAN: It may not be a common assumption but it is a true one.

MR. MARKS: I am also going to assume that the Commission is aware that in the past many constitutional difficulties have arisen with regard to the administration of this very question. That the Canada Temperance Act, for example, has been twice before the Privy Council. I think when your Lordship gets back to Ontario it may be part of your duties before long to listen to another argument with regard to the constitutionality of that very act, which I understand is to be brought by the premier of the province.

There are many changes that have taken place in connection with the dealing with this whole business, and



among these changes that have taken place, of which no cognizance has been taken, is the widening influence of newspaper advertising, for example, with regard to the liquor trade; also the introduction of the radio and the introduction into radio programmes of advertising and various forms of propaganda which would tend to lead people to believe that the drinking custom is something which is quite a normal thing, has quite a regular place in our civilization and is therefore to be considered more or less a permanent thing.

THE CHAIRMAN: Of course that is a phase of it, Mr. Marks, with which we cannot deal. We can only deal with the constitutional aspect of the matter.

MR. MARKS: As far as that is concerned, I think the Commission will, sir, agree that the protection of the people, particularly of the young people, must rest somewhere under the constitution and that there is the problem of allocating that responsibility. But I would like to call the attention of the Commission to this fact: those of us who have worked longest with this question, and I have been at it about thirty years myself, are conscious of this fact, that the government cannot, never has been able to and never will be able to assume full responsibility for this, that any government can only do this: our constitution can assign to the Dominion parliament and the various provincial parliaments control over certain machinery whereby the people of the nation can have their wills carried out, but they cannot step any faster than the wishes of the people under a democracy. Constitutionally, when you place the responsibility of giving protection, the machinery for the protection of the people in this connection under the hands of the Dominion government or the provinces, as it may be, that that constitution has

gone as far as it can go within a democracy. After that it is up to the people to decide what they want. Just in that connection I want to read two or three references from my brief. I will not read it all. On page 6: these aspects we suggest, which represent aspects of the liquor traffic as a national menace, must be taken into account:

" Freeing all highways of motorists and chauffeurs who drive while under the influence of drink or other narcotics."

The Dominion government in its definition of narcotics under the Criminal Code, Section 285, speaks of a person driving a car while intoxicated or under the influence of narcotics. That ought to be revised so that if a person is under the influence of intoxicating liquor or other narcotics, then all this age-old question of whether a person is intoxicated, is put out of the way, can be dealt with.

" Release . . from the unnecessary economic burden represented by liquor expenditures, particularly during times that are generally disordered and depressed.

Consideration of the drink business as a major factor in national health, and in its relation to venereal disease, illegitimacy child welfare, crime and its other social effects and the making of suitable provision for national protection therefrom.

Consideration of the traffic as a factor inducing deterioration in national ideals and standards of character and living. This is particularly important owing to the recent development of the general idea of competing nationalities."

Most of us, I think, are familiar with the suggestion that was made in various newspapers recently as to how Japan

prepared China for this situation, by increasing the opium traffic and demoralizing the national character of the people as far as they could.

This principle, we submit, should be followed in any change in the constitution which is made with regard to allocation of responsibility:

" Dominion legislation must, without any qualification or limitation, guarantee a minimum degree of protection to the public from liquor induced hazards.

Second, provincial legislation should then be permitted to go to any further lengths desired by the public in securing protection therefrom, within provincial boundaries, with regard to manufacture, sale, use and importation, but provinces should not be permitted to reduce or cut down the minimum legal protection provided by Dominion Statutes."

At the bottom of the page we suggest:

" Providing a 'Rule G' similar to the railway traffic rule, for the protection of all persons using the highways of Canada."

If it is needed where engines run on rails, how much is it needed where there is nothing to guide them except the mind and perhaps the muscles of somebody who has been confused with liquor.

Then, on page eight;

" It is suggested that the legal minimum age for receipt of alcoholic liquor by any person, otherwise than pursuant to a doctor's prescription, be not less than the average age of termination of adolescence, which is commonly understood by psychologists to be between 24 and 25 years."

That would certainly require to be dealt with after control between the province and the Dominion had been decided upon.

THE CHAIRMAN: Is that not purely a provincial question, as to when a person should be permitted to buy liquor? Most of the provinces, I presume, have a provision fixing a certain age, they are not permitted to sell to children or youths under a certain age.

MR. MARKS: At the present time that is a provision of all the liquor control acts throughout Canada.

THE CHAIRMAN: It is quite within the competence of the province to raise that age as it sees fit.

MR. MARKS: It is, quite, but our submission is it would be a useful part of that minimum protection provided by the Dominion government.

THE CHAIRMAN: At present, Mr. Marks, I do not see how the Dominion government could legislate in reference to that without a very wide extension of federal jurisdiction. If the Dominion has not general jurisdiction, as it apparently has not over the liquor business, - the decision on the McCarthy Act settled that, - how could it enact that no one should be permitted to sell intoxicating liquor to a person under any fixed age?

MR. MARKS: I was not so much concerned myself with how that might work out under the constitution as it stands, but as a factor to be considered in considering the whole question.

Then the last submission that I wish to make is this:

" Provision by federal statute for educational programs in every school in Canada assuring a definite minimum amount of instruction for every pupil, regarding alcohol, and the effects of the

"drinking habit and custom,

(a) Upon the human organism, and

(b) upon the national, from a social, moral and economic standpoint, together with a clear, simple understanding through a statement disclosing;

(a) The extent of the minimum protection afforded by the Dominion Government, and

(b) That any further protection desired by the province must come from the efforts of the people within the province."

Just in that connection, it seems to encroach upon Section 93 of the act dealing with education, but it has often occurred to me, and perhaps this is a new thought to the Commission, and perhaps it is not, that in allocating this question of education to the provinces, that allocation should have been limited to the administration of a curriculum approved by the government of the nation. If that had been done and if the curriculum had plenty of room and plenty of scope for utilization of various parts of it by the province according to local requirements, if that had been done, nation building would have been a very much simpler task, I submit, in Canada, as well as in the United States, than it has been. In one of the states that I lived in, the State was given ^{control} of the education and every county in the State, and if a family or anybody moved from one county to another, they moved into another educational system altogether; and we have had that difficulty to contend with. I think the Commission might well give attention to making education basically a national thing. I cannot conceive, for example, of there being such a thing as Alberta education, or B. C. education, it is a contradiction in terms. Education is something that cannot be limited to provincial boundaries, and although

we speak of nationalism, as being opposed to it the way it has been developing, education ought at the very least of its boundaries to be national, it must be at least that wide. Thank you.

EXHIBIT NO. 260: Brief of the Associated
Temperance Forces
of Alberta

THE CHAIRMAN: Mr. Marks, just one question on that last suggestion. Do you not feel that there is a very real difficulty in any such suggestion as you have made, growing out of the difference between races and the difference in the educational system as between the two major provinces?

MR. MARKS: I am glad you asked that question, sir. I do not think that necessarily follows, because if a curriculum were to be adopted as the basis for Canadian education, the choice of subjects within that curriculum could be set as to any subject completing a certain number of units, they would be regarded as having satisfactorily covered a certain portion of the ground covered by the whole curriculum. I do not think there would be any difficulty. It would still leave part of it free to the province to adopt, but you would have a whole picture that was Canadian.

THE CHAIRMAN: Thank you. The next brief is that of the Medicine Hat Chamber of Commerce presented by Mr. G. M. Blackstock, K.C., and Mr. W. E. Simpson. There are two briefs dealing somewhat with the same subject.

MR. BLACKSTOCK: Yes, my Lord.

THE CHAIRMAN: The other is the brief of the Alberta Co-operative Sugar Beet Growers Association, to be presented by Mr. Simpson. Do you open, Mr. Blackstock?

MR. BLACKSTOCK: Yes, my Lord.

THE CHAIRMAN: Then, we will take the Medicine Hat brief first.

SUBMISSION

by

MEDICINE HAT CHAMBER OF COMMERCE

MR. G. M. BLACKSTOCK, K.C.: My Lord and Gentlemen:

Perhaps I should preface my remarks by saying this: my submissions were prepared primarily for submission to the provincial government and the Dominion government and it is not my intention to ask that this Commission should pass its blessing upon the particular scheme which I hope some day will become an actuality, but rather that I should use the scheme as a background for the submission that I wish specifically to make to you, which is, that the problem of irrigation as a solution of the difficulty which confronts our particular area should have the immediate attention of the Dominion government. That is far as I can hope to go here.

THE CHAIRMAN: You mean, it is beyond the capacity of the province itself to deal with normally?

MR. BLACKSTOCK: Yes.

THE CHAIRMAN: That would be a public work within the province which falls under provincial jurisdiction, under section 92 of the B. N. A. Act?

MR. BLACKSTOCK: Yes. I am going to put it, though, in another way, my Lord, that the responsibility for creating the condition which exists is originally a federal responsibility.

THE CHAIRMAN: You do not mean the drought?

MR. BLACKSTOCK: No, my Lord, but the opening up of that country to the homesteader in 1908.

I wonder if I might put it this way: I realize that I

am talking to a body of gentlemen to whom raincoats and umbrellas are imperative necessities. Those of us who come from Eastern Canada or Great Britain have a raincoat and an umbrella lurking somewhere in an attic, and there it will remain until there is a general clean-up some day. When it does rain we enjoy going out without raincoats and umbrellas, just to feel what it is like.

My Lord, I am dealing with that area, Medicine Hat, which is unquestionably in the very heart of the widespread drought area that now exists. Medicine Hat has always been a drought area.

I am sure you are all familiar with the Palliser triangle, and Medicine Hat is in the centre of that area opened for settlement about the year 1903, over the vigorous protest of the people who lived there at that time, over the strenuous protest of the rancher who saw his short grass country being ruined by farming, over the protest of the press in Medicine Hat at that time. In spite of the protests by people who knew, the government opened up that country.

Most of the people who came in were from Eastern Canada or from the States, men who came in with a little capital. They had sold their farms in Ontario or in the States and they came with a little capital.

The optimism that existed, of which my friend Mr. Moyer spoke a few minutes ago, permitted the extensive credit being given to these people by banks, by merchants.

Even by 1914 people were being forced out of that district. Their capital was gone, their hope and their courage was also gone. And in 1914 we had a most devastating drought which forced the Dominion government of that day to spend millions of dollars in essential food, in seed grain fodder for the following year. Then we had two years, 1915 and '16, and perhaps it is a pity we had them.

(Page 6585 follows)

We had a year of abnormal precipitation and our land yielded enormous crops, as high as 50 bushels per acre. Optimism and hope were revived in that area. I am going to cut this very short, my Lord, by saying that after 26 years in that country, I think I can say without fear of contradiction, that we may get two good years once every ten years, but that is all. When the whole country was built up, there were farmers on every half section of land, it was ploughed up and fenced in. People built homes, but to-day that country is almost de-populated.

I might suggest that if any of you gentlemen are ever driving through that section of the country, you should make sure that you have two good spare tires on your car because if you have a flat tire, I am afraid that you will have to walk a long distance to get any assistance.

THE CHAIRMAN: You have a small irrigated district near there, have you not, or an experimental station operated by the Dominion government?

MR. BLACKSTOCK: No, it is a long way off, it is in the southeast corner of the province about sixty-five or seventy miles away. We have those irrigated districts of which I am going to speak, about eighty miles to the west. In addition to that, it is admitted by everyone that the plight of agriculture no matter where it is, is serious to-day. Prosperity did exist in agriculture up until about 1920, then it began to wane and it has never returned since. Of course, that is due partly, to the determination in other countries to become self-supporting such as Italy, France, and so on.

THE CHAIRMAN: Good prices for wheat were obtained, were they not, up until 1928 or 1929?

MR. BLACKSTOCK: Yes, of course, the really serious drop has been since 1929, but the downward trend began

about 1920, at least, so it was reported by the committee which investigated one of our irrigation districts some years ago. There is another problem of interest in connection with Medicine Hat. Medicine Hat was what used to be known as a 'cow town' because it served the needs of the ranchers in that district. However, as the country developed, Medicine Hat developed as well. A large amount of money was put into homes, buildings, churches and other buildings of that type. After allowing for depreciation, there is still a replacement value in that property of approximately \$17,000,000.00.

THE CHAIRMAN: What supports that community?

MR. BLACKSTOCK: It is a divisional point in the Canadian Pacific Railway. As a result of this development, three large flour mills, the Olgivie mill, the Lake of the Woods, and the Maple Leaf Milling, have been established there. The Brandram and Henderson paint company have established a linseed oil mill in Medicine Hat. Then, there happens to be a good type of clay in that district and there are two large clay industries located there, at the present time. I did not include the Canadian Pacific Railway investment in those figures which I gave, and it must be a very substantial investment. There are some figures given on page four of my brief. The bank clearings in 1929, were \$26,445,000.00, and in 1932, they had dropped to \$9,648,000.00. Of course, that was the year in which wheat prices fell so very low. In 1937, the bank clearings were \$12,092,000.00. One of the most significant factors is that our school population has dropped by 908 between 1923 and the present time.

THE CHAIRMAN: What is your total population?

MR. BLACKSTOCK: It is roughly, in the neighbourhood of 9,500.

THE CHAIRMAN: And what would the total school population be?

MR. BLACKSTOCK: It would be approximately 2,200, but I am not quite sure of that, but I think that figure is reasonably correct. This serves to give you a general idea of the background. We have no irrigation in Medicine Hat, except for privately-owned pumping schemes, and of course, pumping is not economically sound for agriculture on a large scale. In the Lethbridge district, where irrigation has been practiced for many years, there has been quite an increase in the population in the different towns such as Lethbridge, Cardstone, Magrath, Raymond, and so on.

Dealing for a moment with the problem of relief, I have the figures for four municipal districts which are adjacent to Medicine Hat. Last year, the amount expended for relief for food, clothing, fodder for the cattle, seedgrain and so on, was approximately \$250,000.00. These relief figures do not include fodder relief. In the municipality of Enterprise, which is just across the border in Saskatchewan, spent for seed grain, food, clothing, fuel, feed and hay relief, in 1937 \$129,771.00. Last year the amount of relief expended in the municipality of Bitter Lake, Saskatchewan, was \$66,000.00. In the municipality of Big Stick, Saskatchewan, the amount expended for relief was \$35,382.00. In our own city of Medicine Hat, between 1930 and the present time, we have spent almost a half a million dollars in relief. Of course, that includes the contributions made by the Dominion government and the province, but the actual amount expended in a period of seven years was almost \$500,000.00.

Now, might I turn for a moment to some of the irrigation projects. The Lethbridge northern irrigation district is

the first one. At one time, land was worth about \$5.00 an acre in that area. Now that the land is irrigated, on the revised basis fixed by the commission headed by the Hon. Mr. Justice Ewing, that land is worth \$25.00 an acre. At one time that land supported a population of approximately 300 people, but now there are approximately 800 families in the Lethbridge northern district with a total farm population of almost 8,000 people. I am told that the communities adjoining have increased by approximately 5,000 people. In other words, where once there was 300 people, to-day there are nearly 10,000.

THE CHAIRMAN: Is that a provincial government or a private scheme?

MR. BLACKSTOCK: That is a provincial government scheme, my Lord.

The next irrigation district with which we deal is the eastern irrigation district. This project was originally part of the Canadian Pacific Railway project. It is now owned by the farmers themselves. The land in that area was once worth about \$1.00 per acre. There was an irrigable content in that scheme of 125,000 acres which could be operated in conjunction with over a million acres of dry land. In that district before irrigation, there was a very trifling population, but to-day the population is 5,500.

THE CHAIRMAN: What is the land worth there now?

MR. BLACKSTOCK: That has been reduced, the land and water rate to-day varies from seventeen to twenty-five dollars per acre.

The next irrigation project with which we deal in the brief is the Taber irrigation project. The land in this district is much more valuable because the farmers have a specialized project. In that area, peas, beans, and corn, are grown for the processing companies. Therefore,

the land in that district is more valuable.

Now we come to the Canada Land and Irrigation project. This district had a trifling population at one time and the programme has made the value of the land to-day about \$25.00 an acre. This was fixed by the Erving Commission. When the scheme started at first, that land sold for \$75.00 an acre then it was reduced to \$50.00 and now it is down to \$25.00 per acre. In that district, too, we have a marked increase in population. There are approximately 300 families established in that district and the total population would be approximately 2,000. Then, in addition, there are the hired men on the farms whose number varies from 300 to 1,000 according to the season. This is a sample of what is happening in the irrigated districts, while in Medicine Hat, we are facing a dark future, a depopulated district, and abandoned farms, as well as the burden of relief. Lands which were once paying taxes are now being forfeited to the government for non-payment of taxes. In the irrigated districts there are prosperous people. These people may not be rich, but at least they can buy food and the districts are not faced with the problem of relief. These districts are producing national wealth every year which is of great value.

The particular scheme which I am using as a background was formed by an English company about the year 1908. There has been an enormous amount of money spent, some \$12,000,000.00, from which the English shareholders, the common ordinary shareholders, will never receive anything. Possibly the debenture holders may get a small dividend. The mistake in this connection was the attempt to charge to the farmers the acre cost of irrigation. When the United States began its reclamation work in 1902, it was thought

that the farmers in the irrigated districts should pay the original cost of the work. Interest was not charged to these people. To-day that has been abandoned as it is realized that irrigated land cannot bear the cost of the irrigation work. In the United States, the government is writing off the irrigation costs, progressively, year by year. The latest scheme of this type in the United States is being carried on in the State of Washington. In this state the government is spending approximately \$400,000,000.00. As a result of this 1,200,000.00 acres of land will be under water. Only 20 per cent of the acre cost is being charged to the farmer who takes up that land. This charge is spread over a period of between 20 and 40 years, without interest. Of course, in this province, the same mistake was made. It was thought a that a farmer buying land at \$75.00 an acre could pay the cost of the irrigation and the land as well.

THE CHAIRMAN: What happened to this scheme to which you referred, and which you said \$10,000,000.00 or more has been invested?

MR. BLACKSTOCK: I am just coming to that, sir. At the present time there is 42,000 acres under water. It is just at this point that the development of my scheme emerges. I wonder, if your Lordship would care to look at the map which is appended to this brief. You will find at the extreme east end, Medicine Hat. In the northeast corner, you will find a place called Learmouth. You will find that there are five areas outlined in red. These districts are known as the Alberta district, the Western district, the Central district, the Bungalow district, and the Suffield district. These are the five districts which this company intended originally to develop progressively.

The company's intake is about thirty miles east of the city of Calgary and the main canal runs southeasterly until it reaches Lake Macgregor. This is one of the initial mistakes which the company made. The canal which leads from Lake Macgregor is not sufficiently large and the result is that at the present time, the company cannot irrigate any more than 42,000 acres which is under water at the present time.

THE CHAIRMAN: How far are those 42,000 acres from Medicine Hat?

MR. BLACKSTOCK: About 82 miles, I would think, sir.

THE CHAIRMAN: It is not in the immediate territory of Medicine Hat, is it?

MR. BLACKSTOCK: No, it is not within our immediate territory. There are five districts there which the company intended to develop progressively. It never got beyond the Alberta district and the Western district. It is in a position now where east of the Bow River, the Bungalow district and the Suffield district, --it has abandoned this land and the land has reverted to the government, that is such land as was not under title. The main canal has been continued until it is within a few miles of Medicine Hat, possibly fifteen miles from Medicine Hat. The canal is there and it is capable of carrying water, but water has never been in that canal. What we are hoping is that the project of the Canada Land and Irrigation Company will be enlarged so that water will be taken into these other two districts, east of the Bow River and thereby form an adjacent, prosperous farming area. This would benefit these communities much the same as the communities in other irrigated districts have been benefited.

THE CHAIRMAN: Assuming that they extended it to these two districts, would that cover those districts in which

you state relief is so high?

MR. BLACKSTOCK: No, my Lord, but it would open up 150,000 acres which could be placed under water. Our idea is that the federal and provincial governments, jointly, would administer this land. These governments could take from the distressed areas, the people who required relief, people who are bankrupt, and place these people on that irrigated land. Such a measure would revive the morale and self-respect of many of these people, as well as produce national wealth.

COMMISSIONER MacKAY: Approximately what is the size of the holdings in these irrigated districts?

MR. BLACKSTOCK: There is a good deal of argument about that, but I believe about 160 acres is the largest amount that any one should have. Of course, it should be worked in conjunction with dry land. There is plenty of that for stock purposes and the dry land should be operated in conjunction with the irrigated land. This is what has been done in the eastern districts. It would make it possible to put a population of at least 6,000 people in that area between Medicine Hat and the Bow River. Six thousand people who are to-day in receipt of the dole, people whose morale has been destroyed. To my mind that is the most serious problem arising out of our relief situation. The financial situation is bad, but it is going to take years to rehabilitate the morale of these people who to-day are recipients of charity, while a few years ago they were respectable, high-minded, citizens.

THE CHAIRMAN: How long have these farmers who have remained in the area adjacent to Medicine Hat been receiving relief?

MR. BLACKSTOCK: It has only become widespread within the last four or five years . I am speaking of relief in the shape of food, but relief in the form of fodder and seed grain was started in 1914.

THE CHAIRMAN: It has not been continuous, though, has it?

MR. BLACKSTOCK: In 1916 there was not any, but by 1919 there was need for provincial government aid. Again in 1928, there was not any, but in other years the government has been obliged to furnish this aid.

THE CHAIRMAN: Is there any question about the amount of water available?

MR. BLACKSTOCK: It is not a question of the amount of water available, it is a question of the conservation of it. There is an enormous run-off in the spring and early summer. What we require is a proper method for the conservation of that water by the creation of reservoirs. In my own particular scheme, there are natural reservoirs along the canal . The main reservoir, at the moment, is capable of irrigating 200,000 acres, and then the smaller basins which are required along the route are available. This brings up the point which was discussed in the brief of my friend, Mr. Simpson, the problem which is peculiar to the southwestern part of the province. In some of the irrigation districts in that part of the provinces, they depend upon the water directly from the river. In other words, they have storage basins. The natural covering in the foothills is being depleted by logging and by forest fires. This means that the run-off is coming in greater volume and at an earlier period in the year than formerly. It has reached a stage where, in the late summer, when the water is most required for the sugar

beet industry, the water is not available because it has all gone up to Hudsons Bay a month or two before. In that area, storage basins are most urgently required. That is one of the submissions that these gentlemen wish to make, that the conservation of the water by the construction of storage basins in the foothills is urgently required and should be assumed by the federal government.

THE CHAIRMAN: The timber is under the control of the province, the province has control of its natural resources at the present, should not the province put in conservation measures in regard to the timber?

MR. BLACKSTOCK: Just in that connection, when the Dominion government transferred the provincial resources to Alberta, it retained jurisdiction over the rivers which run through the province. Some of them are, of course, international, such as the Milk River, for instance.

THE CHAIRMAN: Is there the express reservation that the river beds should not be included in the land given back to the province?

MR. BLACKSTOCK: I am not familiar with that but perhaps Mr. Simpson is. However, I do know that the jurisdiction over the water in the rivers has been retained by the federal government, whether by reservation or simply by omitting it from the general transfer, I am not able to say.

THE CHAIRMAN: The Milk River is an international stream and it comes under the jurisdiction of the International Joint Commission. It is in a different category from the ordinary rivers of Alberta.

MR. BLACKSTOCK: My Lord, there has always been a question whether or not such schemes are really economically feasible; I think I do not need to deal at any great length

with that. We have in existence, three different irrigation projects which are supporting thousands of people. These people are not on relief.

THE CHAIRMAN: Such schemes are not economically feasible in the sense that a group of people can invest in them and produce a capital return.

MR. BLACKSTOCK: That is so, My Lord.

THE CHAIRMAN: That point was made quite clear to us by Mr. Taggart and others, in Regina.

MR. BLACKSTOCK: It is recognized to-day that private enterprise can no longer embark upon an irrigation scheme. In that connection my submission is simply this; that in an area such as this the construction of irrigation works is just as large a national undertaking as the Welland Canal or the harbours of Vancouver. It is something which can be done to promote trade and commerce.

THE CHAIRMAN: What would it cost, per acre, to bring these 200,000 acres—or is it 150,000?

MR. BLACKSTOCK: The potential acreage is roughly, 150,000 acres. More can be put under water by the extension of existing works at a cost of \$2,500,000.00. The interest on that amount would not equal the amount which was spent in those four municipalities last year for relief.

THE CHAIRMAN: The difficulty is that the area could not accommodate all of the people in those municipalities who were on relief, so relief would have to continue to some extent.

MR. BLACKSTOCK: That is quite true, my Lord. I would like to express two opinions which were given in statements by Mr. Griffin, Chief Engineer of the Canadian Pacific Railways' Department of Natural Resources. In

a speech he made at Regina some time ago, he dealt with a few points in this connection, as follows:

THE CHAIRMAN: On what page of the brief is this statement to be found?

MR. BLACKSTOCK: It is on page fourteen and it reads as follows:

"One thing that may be said for the communities having irrigation: There may have been a shortage of money for clothes and taxes but there has been no shortage of money for essential food in the irrigated areas and the dry areas adjacent to them. It is quite probable that if irrigation had been previously provided at public expense it would all have been returned in the last five years in reduced relief costs and there would have been a permanently increased producing capacity as clear profits."

That statement deals with the individual point of view, and dealing with the national point of view, Mr. Griffin says:

"But taking solely the community and nation building view it is obvious that an acre of land producing a crop with a gross value of \$50.00, even though it costs the farmer \$45.00 to produce it, leaving him only \$5.00 per acre on a relatively small acreage for his own effort, is contributing vastly more to the support of population than an acre of land which produces \$5.00 gross and costs the farmer \$4.00 to produce, even though the second farmer with his larger acreage may individually be better off than the first."

In other words, in terms of national wealth, irrigation is a very important factor in the scheme of things.

There is still another area in southwestern Alberta if that extension were made. There is possibly another 50,000 or 60,000 acres so if the whole thing were extended, there is a potential 200,000 acres of land which could be placed under water and made productive, from an individual as well as a national point of view. This is something which should be done to cope with the situation as it exists in the southeastern part of the province of Alberta. I do not know what the alternative is, my Lord. I have heard it expressed this way: You can ship us out to another part of the province or you can continue to feed us if you wish or you can give us water for our land. Those are the three alternatives, and water for the land is the real answer to the problem, I think.

I have taken more than the time allotted to me, but I think I have covered the problem in a general way so that you will have a better understanding of it.

THE CHAIRMAN : It has been very interesting, Mr. Blackstock, and I thank you very much.

MR. BLACKSTOCK: I might say, my Lord, that I think the matter is of such national economic importance that it will be considered by the commission and suggested to the federal government that it would afford, at least, a partial solution to the problem of taxes, rehabilitation, and relief.

THE CHAIRMAN: Thank you very much for the presentation, Mr. Blackstock.

MR.W.E. SIMPSON, representing the Alberta Cooperative Sugar Beet Growers' Association was called.

MR.SIMPSON: My Lord and gentlemen, I am submitting a brief on behalf of the Alberta Cooperative Sugar Beet Growers' Association, in which we deal mainly with the problem of the dry areas, and irrigation.

THE CHAIRMAN: I have looked over the brief, Mr.Simpson. There is a great deal in it which is not properly relevant to the subject matters we are called upon to consider.

MR.SIMPSON: Yes. With your permission, my Lord, I am going to ask you to take a glance at a map which has been specially prepared, showing the dry area in Alberta. It is a 20 year record, and these figures show the number of crop failures in each district in the 20 years from 1918 to 1937. You will notice there in many cases as high as 15 crop failures occurred in twenty years.

THE CHAIRMAN: All this area was broken up and settled, was it?

MR.SIMPSON: Yes, my Lord, this was all settled.

COMMISSIONER SIROIS: Were those consecutive failures?

MR.SIMPSON: No, but that number of failures in the twenty year period. Some of them in some of these districts might have six or seven years crop failures. I am just submitting this map to give you a bird's eye view of the problem of the dry areas in Alberta.

COMMISSIONER SIROIS: In the south-east country?

MR.SIMPSON: Yes.

THE CHAIRMAN: Could you file this map with us?

MR.SIMPSON: Yes, it is quite in order, if you wish. It is fairly authentic, it was made by officials who should know what they were doing.

MR.STEWART: We did not mark the Medicine Hat Chamber

of Commerce brief, so that will be 261.

EXHIBIT NO. 261 -

Brief presented by Medicine Hat Chamber of Commerce

EXHIBIT NO. 262 -

Brief submitted by the Alberta Co-operative Sugar Beet Growers' Association.

EXHIBIT NO. 263 -

Map showing crop failures in Alberta dry areas.

MR.SIMPSON: With your permission, my Lord, this map was also specially prepared, to show the irrigation districts already in operation in Alberta, and those that have been surveyed but never constructed. The legend is at the bottom of the map.

EXHIBIT NO. 264 -

Map showing areas under irrigation in southern Alberta.

MR.SIMPSON: In this connection I would like to make a statement contained in the brief, but I think it should be emphasized; that is, that there are about 900,000 acres in the districts already under irrigation, - 900,000 acres of irrigated acreage in the districts already in full operation.

THE CHAIRMAN: There are 900,000 acres now under irrigation?

MR.SIMPSON: That is the total irrigated acreage of those districts that are operating, sir. Now, in regard to the extensions, or proposed new irrigation districts, there are about 900,000 acres in Alberta which could be put under water, which are not now under water; in addition to about a million and a half acres in the so-called William Pierce Project, which is shown here, my Lord. This is the largest project.

THE CHAIRMAN: That is in the north-east portion?

MR.SIMPSON: Well, I would call it the east central portion, the William Pierce Project coming from the north Saskatchewan River and extending, by the way,

into Saskatchewan. So that we have altogether over two million acres that engineers say could be irrigated in the province if the water supply is available; that is, if there is sufficient water supply, and if there is a market for the produce that can be grown on the irrigated land.

THE CHAIRMAN: The first thing is, is there a sufficient water supply?

MR.SIMPSON: My friend Mr.Blackstock dealt with that.

THE CHAIRMAN: He dealt with it in reference to the area near Medicine Hat.

MR.SIMPSON: The solution of that problem, sir, lies in the system of storage reservoirs in the foothills of Alberta. The forests have been denuded of trees, and the consequence is that the water flows down at a very rapid rate at a certain time of the year and it all goes down to the sea. Then in the summer or early fall, when a steady supply of water is required, it is not there. The engineers have figured that the thing to do is to have a system of storage reservoirs in the foothills so that this water can be stored when there is a big supply, and then gradually allowed to go down over the land in the proper season of the year.

COMMISSIONER DAFOE: Are those large and costly engineering enterprises?

MR.SIMPSON: Well, I would not like to say whether they are or not. They are supposed to be quite feasible, and it is of vital importance to my clients, the Sugar Beet growers, that this water supply be conserved and steadily distributed throughout the growing season; it is one of the vital points we are submitting. Now, we claim that it is entirely a national problem, because these rivers flow through at least two provinces, they come

through Manitoba, and it is not fair that Alberta should have to furnish, at her own expense, reservoirs in the foothills to take care of the supply of water needed in these areas because naturally, Saskatchewan benefits also.

COMMISSIONER DAFOE: Are there irrigation projects in Saskatchewan?

MR.SIMPSON: I mean a steady supply of water running through these rivers at certain times of the year would also help Saskatchewan.

THE CHAIRMAN: Would you draw off a certain quantity of water in these irrigation schemes? Is the amount to be drawn off in addition to the normal supply of the river to Saskatchewan?

MR.SIMPSON: I imagine it would benefit Saskatchewan just as well as Alberta. Of course, they have not any irrigation projects, but I imagine they use that water for other purposes.

THE CHAIRMAN: There are no irrigation projects at the present time on the Canadian side, - in Saskatchewan?

MR.SIMPSON: No.

THE CHAIRMAN: But there are on the American side?

MR.SIMPSON: That is right. For your information, the Sugar Beets are grown in this district north of Lethbridge, the Lethbridge northern district, and the Coulee district just east of Lethbridge, and Taber. All sugar beets are grown in the territories surrounding Lethbridge, and they are all grown in the irrigated belts.

THE CHAIRMAN: Where does the water come from? What river provides the water for these existing irrigation-systems?

MR.LOUIS BEAUCHEMIN: The water for the Lethbridge district irrigation comes from the Mary River.

THE CHAIRMAN: Where does the Mary River flow to?

MR.BRANDLEY: The Mary River flows into Old Man River. And it in turn empties into Bow River, which in turn empties into the Saskatchewan River.

THE CHAIRMAN: How long has the irrigation system in these beet growing areas been in operation?

MR.BRANDLEY: The northern project went into operation I think about 1903 or 1904, and the Lethbridge northern not until 1924.

THE CHAIRMAN: Who owns these irrigation projects?

MR.BRANDLEY: The latest project is owned by the Government of Alberta. They had to take it over on account of guaranteeing the bonds and the district could not pay the bond.

MR.SIMPSON: My Lord, I am not going to spend any time on the past history of the dry area because I think your Lordship and the other gentlemen on the Commission are familiar with that. I have outlined it in the brief. Now, in reference to this whole problem of irrigation, I tried to give you an idea of how much ground it covers in Alberta. As to the benefits that can be derived from this scheme, experience has shown, sir, that the best cash crop on irrigated lands is a sugar beet crop. Sugar beets can only be grown on irrigated land in Alberta. The raising of sugar beets has resulted in cleaner farms, and sugar beet land must be fertilized, and this requires livestock.

THE CHAIRMAN: What is the rotation of crops with sugar beets? What crops do you rotate with sugar beets?

MR.SIMPSON: Alfalfa and grain and corn and potatoes.

THE CHAIRMAN: How often do you grow a sugar beet crop on the same soil?

MR.BRADLEY: Depending on the type of rotation. If it

is alfalfa rotation, about twice in ten years; that would be in the rotation of about two crops of sugar beets one following the other, and then go into the grain crops and then again into alfalfa, which would be done for three or four or five years, which might include sweet clover instead of the alfalfa, - it would be a shorter rotation, you would get probably two crops in four or five years, or six years.

MR.SIMPSON: Now, in dry years, ranchers find irrigation districts the only places adjacent to them where cattle can be moved for winter feeding. In the winter of 1936-1937 farmers on the irrigation projects wintered over 10,000 head of cattle for ranchers in the foothills. In addition, large numbers of cattle, and over forty thousand head of lambs were wintered and fattened adjacent to the two sugar factories. This is an important industry that has grown up right alongside the sugar beet industry, in the matter of feeding cattle, and that is something which means quite a lot to Alberta cattlemen, as very often these cattle have to be shipped out unfattened. Also, the byproducts of the beet sugar industry are used extensively in feeding and fattening this livestock. This provides a cash market for alfalfa, hay, and coarse grains, and lessens the necessity of finding outside markets for these products.

I am not going to go over all those points which are already set out in this brief, my Lord, but I am just trying to give you a picture to show how important it is to the success of irrigation farming to grow sugar beets. It just seems to work in perfectly. Another thing, owing to climatic conditions, and so on, the sugar beets produced in this area are of the highest quality, as I understand it.

THE CHAIRMAN: In their sugar content?

MR.SIMPSON: Yes, on the North American continent, if not anywhere in the World. I know it applies to the North American Continent.

MR.BRANDLEY: Except in an area in California, where perhaps the highest sugar content beets are grown in North America.

MR.SIMPSON: I am going to quote a few figures from page 2. The 1937 beet crop, seventy-five million pounds of sugar were manufactured, - \$3,000,000 worth of sugar was manufactured. Then the brief goes on to give the returns per acre, from which you will note that \$77.50 was the gross return to the manufacturer per acre, and \$77.50 the gross return per acre to the farmer. Then we go on to show the average yields, from which you will note how our yields compare with other countries, and you will note that our beets have a high sugar content, according to the record.

(Page 6608 follows)

THE CHAIRMAN: You put here the average of certain countries is 10.7 tons per acre, while yours was 8 per acre.

MR. SIMPSON: That is for that certain period, my Lord, but for the year 1937 you will note that the average yield in Alberta was 11.88, which exceeded the average yield in other countries for that previous period. Last year I think was the best year we every had, the production record and also quality last year.

In the matter of labour it seems to be recognized there is no other industry that takes care of as much labour as the beet industry and that is a very important factor in the matter of relief, and taking care of farmers in dry areas that could not otherwise make a living.

I would be only too pleased to be able to show the Commission one of these projects in the summertime, just to give you an idea how the windswept, drouth-stricken prairie, has been converted into a sort of Garden of Eden.

THE CHAIRMAN: I have been in sections of the country where irrigation was used and I noted the difference between the two areas.

MR. SIMPSON: Just take that Alberta northern dried out area, almost a desert. I was over it last year and I found there are 600,000 trees on that one project alone and there is an artificial lake and the people can get out and have picnics and go swimming and so on. You cannot overlook the human element.

THE CHAIRMAN: But, Mr. Simpson, it can only come within the scope of our reference insofar as being some public project which you say, by reason of settlement conditions, or by reason of the financial position of the province, either the Dominion should finance or the province is not able to finance. The details are quite interesting as set

out in the brief, but we cannot take them into consideration. It is only the broad questions that could possibly come within the scope of our reference.

MR. SIMPSON: Yes. You will note, sir, that we claim it was a national policy that settled up that dry area shown on the map. Now it has got to be a national policy that takes care of it. That is our submission, sir.

THE CHAIRMAN: That was put very clearly to us by Mr. Blackstock and I take it that you fully support what he said in that respect?

MR. SIMPSON: I support everything, yes.

There are certain recommendations made which I will not bother going into, as you have no doubt read them, but there is one thing I wish to stress and that is this, recommendation number six, on page eight, my Lord, that the government of Canada should immediately provide storage facilities in the foothills of Alberta to ensure a steady supply of water to our existing irrigation projects in accordance with the proposals set forth in exhibit "B".

I have dealt with that more fully in exhibit "B" and I have not time at my disposal --

THE CHAIRMAN: Which was exhibit "B"? It is in this memorandum?

MR. SIMPSON: Yes, sir. And that is of the utmost importance. There is no use trying to extend the irrigation projects until we have the existing projects amply supplied with all the water they require. There is no other way of rehabilitating the dry area, that I know of, satisfactorily without irrigation. So that that supply of water is vital to the whole problem. As Mr. Blackstock points out, it must be done at the foothills, and these rivers passing through other provinces make it more or less of a national policy.

Furthermore the Dominion government owns the water under the north-west irrigation act passed in 1894. No water can be diverted from a river in Alberta without a licence from the Dominion government, and that is still in force, unless it is altered this Session.

THE CHAIRMAN: Is there anything in the Document of Transfer or the statute covering the transfer of the natural resources in this province to the province dealing with the rivers?

MR. SIMPSON: Quite a legal argument developed over that, my Lord, and I believe it would take a long time to explain. Some lawyers claim that that agreement with the Dominion covered the water and other lawyers believed not.

THE CHAIRMAN: At present the Dominion exercises the right over it?

MR. SIMPSON: Yes, they exercise the absolute right.

THE CHAIRMAN: Thank you.

MR. SIMPSON: There is just one other point, my Lord, I would like to bring up. Mr. Blackstock mentioned canals and harbours. My information is that Canada has invested nearly a billion dollars up to date in canals and harbours in Ontario and Quebec and other provinces.

We submit that the development of irrigation is just as important to our national economy as paying money out for canals and harbours.

Furthermore, an examination of the relief expenditures of the Dominion government during the last six years shows that millions and millions have been spent on direct relief and on other public works. I am not going into that fully, but my contention is that Alberta has not received the share it should have received in relation to Ontario and Quebec. Now, that is quite another argument.

THE CHAIRMAN: It has received its share in reference to the unemployed. There are more unemployed in Ontario and Quebec; therefore there had to be more money spent.

MR. SIMPSON: In that regard, I do not know whether I am at liberty to ask this question, but if I am not at liberty I hope you will check me up. We understand that Ontario and Quebec, when those provinces make their submission to this Commission, they are not going to be very favourably inclined towards assisting us, as far as these irrigation projects are concerned, as we have heard.

THE CHAIRMAN: We have no knowledge whatever as to what their submissions will be. They have not been submitted to us yet.

MR. SIMPSON: We are just going by newspaper reports.

THE CHAIRMAN: They are sometimes erroneous.

MR. SIMPSON: Yes.

COMMISSIONER DAFOE: It depends upon the newspaper.

MR. SIMPSON: Yes.

COMMISSIONER DAFOE: I am speaking on behalf of my friend, Mr. Imrie.

MR. SIMPSON: I would like this Commission, if it is possible, to have one of its economists or somebody or several people make a study of the moneys that the federal government have spent in Ontario and Quebec over the last thirty years or so and let us see whether the premier of Ontario is correct when he says that they put up seventy-five or eighty per cent of the money required. I would like to know whether he gets the seventy-five or eight percent right back again. Now, if they do not, O.K., but if they do, we think it is only fair, sir, in approaching these problems, we know there is opposition in the East, ninety percent of the people never heard about irrigation, don't believe in it anyhow. We would just like to know how



we stand in relation to the central provinces, and I am wondering whether this Commission has already instituted an investigation of that kind to find out the allocation of the Dominion revenues.

THE CHAIRMAN: We are getting at all the relevant facts as far as we can, Mr. Simpson, in connection with the matter. We cannot pay any attention to newspaper reports, we can only deal with submissions that come before us.

MR. SIMPSON: My Lord, is it a fair question to ask that that information be secured? Obviously nobody here can get it but I imagine this Commission could have a breakdown made of all these moneys that the federal government has been spending for years on different public projects.

COMMISSIONER MacKAY: Is not that an almost impossible problem? Is it not possible, and I think economists generally hold, that many of these expenditures on the railways east of Manitoba were made to carry western grain to the seacoast? How are you going to balance it up? The expenditure may be made in Ontario or British Columbia to carry wheat. How are you going to say how much you will allot to British Columbia and how much to Alberta? It seems to me you are setting an impossible task.

MR. SIMPSON: Of course, the Dominion public accounts I think will give some idea.

COMMISSIONER MacKAY: Yes, but the point is that the money may be spent in one province but may benefit another province more than the province in which the money is spent.

MR. SIMPSON: Sure, that is what I am getting at. The more money they spend here on irrigation, the better for the East, because the economists have pointed out that the farmer only gets 20% of the benefits and the rest goes

to the manufacturers who sell their produce here and to the railways which carry the goods. So that if you spend \$100,000 or \$1,000,000 on irrigation that is going to benefit the entire Dominion more than it does the actual farmer on the land. I have referred there to Mr. Walter Packard's summing up of that in the American Engineering, June, 1932, when he went into the whole thing fully. And I claim that apart from any question of what we should have or what we should not have here, that it is a good business proposition to spend the money on these projects on account of the purchasing power it releases all over Canada. I am not trying to segregate what is spent in Alberta or is spent anywhere else.

COMMISSIONER MacKAY: Your argument there might be right or wrong, I am not passing any opinion. I am just saying it is an extraordinarily difficult thing to say whether money spent in a particular province benefits that province alone or not. It is an impossible question to answer.

MR. SIMPSON: Well, I suppose it would be possible to know what is spent on canals and harbours and things like that.

THE CHAIRMAN: Yes. We will have all those figures prepared.

MR. SIMPSON: I presume so, sir. I think that is all, sir.

MR. BLACKSTOCK: My Lord, may I make one slight correction in my figures? Your Lordship asked me if my scheme would take care of all the families in the four municipalities. I said I thought not. I am quite wrong. The population of the four municipalities is a little under 4,000 and the scheme would take care of about 7,000 people.

THE CHAIRMAN: Mr. Blackstock, you spoke of protests being made by Medicine Hat and the people there against these lands being opened up?

MR. BLACKSTOCK: Yes, my Lord.

THE CHAIRMAN: Have you any records as to that?

MR. BLACKSTOCK: I have not, my Lord. I was not there at the time.

THE CHAIRMAN: If there are any, would you kindly furnish them to us?

MR. BLACKSTOCK: Yes, I probably can get the files of the Medicine Hat News of that time and let Mr. Fowler have those.

THE CHAIRMAN: Thank you. The briefs have already been marked as Exhibits and they will receive our careful attention.

Mr. Imrie, I think you have a statement to make now?

MR. JOHN M. IMRIE: Mr. Chairman and Commissioners: five minutes will be more than sufficient to make four points in answer to the questions that were asked me on Tuesday that I could not answer then.

First, that long before 1909 the Dominion department of the Interior had full knowledge of the fact that ^{the} ~~sub-marginal~~ area was of a semi-arid nature. That came from seven or eight sources:

Captain John Palliser's report in 1863 to the British government, following a three-year investigation.

Professor H. Y. Hind's report to the Dominion government, following an investigation contemporaneously with that of Captain Palliser.

Report in 1874 of Commissioner French following his leading of the main force of the newly formed North West Mounted Police across the plains to Macleod.

A series of reports from 1879 to 1882 by Dominion government surveys including A. P. Patrick,, Montague Aldous, W. T. Thompson, C. J. Klotz, C. F. Milos, T. D. Green, Wm. Pearce and J. S. Dennis.

Again, official reports of the Dominion immigration agent at Medicine Hat annually, and sometimes more frequently, from 1886 onwards.

And again, official reports of meteorological stations at Medicine Hat from 1883 onwards and at Macleod from 1896 onwards.

As early as 1894 the Dominion government recognized that irrigation was facing them and sent the late Colonel Dennis on a tour of United States projects to study what had been done there in the matter of irrigation and put through in that year the Irrigation Act.

I direct your special attention to this sentence in the 1896 report of the Dominion Department of the Interior, in reference to this area:

" The settlers therefore fondly hoped that the dry seasons were exceptional and confidently looked for a return of the conditions which had prevailed in 1894. But the ever recurring dry years has at last convinced the most skeptical that they live in an arid region and that to irrigation alone they must look for the means of making a livelihood."

That is the view of the government department thirteen years before the entire sub-marginal area was thrown open to homestead and preemption entry.

The second point is that the Canadian Pacific Railway Company, which obviously had the complete information regarding that territory, located its entire subsidy lands, over 13,000,000 acres, except for one small block, in the northern part of the province, and that location was

made some five or six years before 1909.

Third, that during either the first or second year after its incorporation in 1905 the provincial government protested against the further opening up of the sub-marginal area, such protests including the sending of an official to Ottawa to make verbal representations to the Dominion Minister of the Interior and the Dominion Surveyor-General.

Fourth, that the provincial government made repeated protests against the opening up to homestead and pre-emption entries of areas far removed from established roads, schools and other public utilities. These protests included:

(a) Verbal representations at Ottawa during either 1906 or 1907, with the resultant report in effect: "They would not listen to me; their policy seemed to be to throw open for settlement every available area in the province."

(b) Frequent protests during the period 1909 to 1911, the very height of immigration, including the sending of an official to Ottawa again to protest personally.

(c) The arguments advanced in numerous public addresses by Premier Greenfield and by Premier Brownlee during the period 1921 to 1930, in favour of "thickening up" of existing settlement rather than opening up of new areas to settlement.

And finally, a formal protest by Premier Brownlee in 1928 against further immigration into outlying territory on the ground that such would add unduly to the cost of provincial government.

Perhaps I should recall, in fairness to the Dominion government, that it was embarrassed in attempting to deal with Alberta's protest by the very effects of another national policy, that of railway subsidy lands. These lands amounted to over 13,000,000 acres in Alberta and they were distributed widely over the province.

Obviously, there was a difficulty in the Dominion restricting homesteading and pre-emption areas far afield, while the railways were at liberty to sell land far afield. But both were the results of national policy and both are bearing heavily upon this province.

But I think the main reason is to be found in the statement I quoted the other day, from the Dominion Minister of the Interior, in the frank recognition that there was a conflict of interest between the Dominion and the province at that time.

(Page 6619 follows)

I would stress three or four points in one of these statements which I read, namely, that the interest of the Dominion is to get settlers on the land and to scatter them far and wide.

THE CHAIRMAN: Mr. Imrie, a very interesting question has been raised by the young men's section of the Calgary board of trade. If the provincial government had been represented before us, I would have asked the Premier of the province for his views upon the question just as I asked the Premiers of Manitoba and Saskatchewan. This question is in reference to the possibility of an advantage of a union of the three prairie provinces. You may not care to make any statement in reference to it and if you do not care to, do not hesitate to say so. If you would care to make any statement in reference to the matter, as your chamber of commerce has presented the principal brief before us, we would be very glad to have such a statement from you.

MR. IMRIE: I have no instructions from the chamber of commerce on that point, my Lord.

COMMISSIONER MacKAY: I suppose you could give us the source of these statements, could you?

MR. IMRIE: Unfortunately, for reasons that will be fairly obvious, it is not possible at this moment to get those sources here. However, there should be no difficulty in securing them at Ottawa. Much of this information can be obtained from the Dominion/^{Department} of the Interior. Much of the information concerning the surveys, surveyors reports, medical reports and such things are all in Ottawa.

THE CHAIRMAN: Have you anything further you wish to contribute, Mr. Imrie?

MR. IMRIE: No, my Lord, I have not.

MR. STEWART: I think, my Lord, I should file the report of the Commission on Natural Resources, the Dysart Report, as exhibit number 265.

THE CHAIRMAN: Yes, that should be filed as exhibit number 265.

EXHIBIT NO. 265: Report of the Commission on Natural Resources (the Dysart Report).

THE CHAIRMAN: This closes our hearing of the briefs at this sitting of the Commission. That the people of this Province have taken a deep interest in the work of the Commission is evident from the number and importance of the briefs submitted. We have received more briefs from public organizations in this province than in any other.

We regret, however, to close the sittings without receiving a brief from the government, and what is not less important, without having the opportunity of discussing with the members of the government presenting the brief the difficult and urgent problems which we are called upon to investigate, on which we are anxious to get all the information and light possible. We have found this discussion with members of the governments presenting briefs one of the most valuable parts of our inquiry.

When it recently appeared that the Legislature was not likely to reverse its decision that a brief should not be presented, the commission submitted to the Premier a series of questions in reference to certain vital matters involved in our inquiry and some important suggestions which had been made by governments or organizations during the course of the inquiry and upon which it would be our duty to report. We did not desire to report on any of these matters, which affect Alberta as well as other provinces,

without having had the benefit of the views of the government of this province. We hoped that although the legislature had decided that a brief should not be submitted, this would not prevent the government from answering questions directly related to our inquiry. The Premier has, however, written me that, having regard to the resolutions of the legislature, the government cannot see its way clear to answer the questions.

For the purpose of the records of the commission I shall ask the reporter to incorporate in the record of this morning's proceedings the questions submitted and the letter of the Premier, which will also be marked as exhibit number 266. Both these documents will go in as number 266.

EXHIBIT NO. 266: A letter from the Premier of Alberta to the Hon. Newton W. Rowell and a copy of the questions upon which the commission would like to have the views of the Government of Alberta.

1. Is the Alberta Government satisfied with the present allocation of powers between the Dominion and the Provinces? If not, what changes does the Government of Alberta suggest?

2. In the opinion of the Alberta Government is taxation as at present allocated and imposed as efficient and equitable as can be devised? If not, what changes would the Government of Alberta suggest?

3. Has the Government of Alberta any suggestions to make as to changes in the basis of the financial relations between the Dominion and the Provinces? If so, what are its suggestions?

4. Has the Government of Alberta any suggestions to make as to the division of taxing power between the

Dominion and the Provinces and, if so, what are its suggestions?

5. Does the Government of Alberta desire the continuation of the system of payment of subsidies by the Dominion to the Provinces? If not, what suggestions has the Government for a substitute system? If the subsidy system is to be continued, should it be based on population, or on fiscal need as suggested by some of the other provinces, or on some other basis?

6. What is the opinion of the Government of Alberta as to the value of conditional subsidies? Do conditional subsidies create any difficulties in practice, and if so, can this method of granting assistance to a Province be so adapted as to avoid such difficulties?

7. In regard to provincial public debt, what is the view of the Government of Alberta as to the suggestions advanced by the Manitoba Government that subsidies should be capitalized in reduction of the debt of the Province which would be assumed by the Dominion?

8. What is the view of the Government of Alberta as to the need or advisability of an independent Grants Commission appointed by the Dominion Government to consider applications by the Provinces for grants in cases of special need? If this Government is in favour of a Grants Commission, would it favour the laying down of definite principles for its governance, or would it favour the Australian method of unrestricted power to investigate the report?

9. If some method of debt refunding is necessary, is the Alberta Government in a position to suggest any particular machinery to effect such refunding? As a term of such refunding, is it thought by the Alberta Government that some method for the future control of public debt would be feasible to avoid the recurrence of the need for

refunding?

10. If there are cases where a province or a municipality is financially unable to carry on its functions, should some machinery for re-adjustment be established? If so, what does the Government of Alberta suggest?

11. In the opinion of the Government of Alberta, have necessary municipal expenditures placed an undue burden on real estate and thereby retarded recovery? If so, has this Government any suggestions as to methods of relieving such burden?

12. Are municipally-owned public utilities in Alberta subject to (a) provincial taxation or (b) municipal taxation? If not, is it the view of the Government of Alberta that such public utilities should not be taxed on a basis of equality with privately-owned utilities?

13. Has the Government of Alberta any suggestions to make as to how the expenses of government may be reduced by lessening overlapping or duplication of services between the Dominion and the Provinces? If so, what are its suggestions?

14. Would the Government of Alberta approve of a system of centralized collection of income taxes such as now operates in the collection of the Dominion and Ontario income taxes?

15. Does the Government of Alberta believe that government property, particularly that held for business purposes, should be subject to municipal taxation?

16. What is the view of the Alberta Government concerning the proposal that jurisdiction over the subject of insurance should be in the Dominion parliament with the exception that the definition of the requirements of insurance contracts and the licensing of insurance agents should be within the jurisdiction of the provincial legis-

latures?

17. What is this Government's view as to the suggestion advanced to the Commission that old age pensions should be placed upon a contributory basis and apply to all citizens of Canada? Should the scale of pensions be uniform throughout Canada, or should there be variations in accordance with different standards in different places?

18. In the opinion of the Government of Alberta, is the present arrangement as to unemployment relief satisfactory? If not, what changes would the Government of Alberta suggest?

19. In the opinion of the Government of Alberta should jurisdiction in connection with unemployment relief and unemployment insurance remain with the Provinces, or should it be transferred to the Dominion?

20. In the opinion of the Government of Alberta are there any social services which are now within provincial jurisdiction which this Government believes should be transferred to the Dominion? If the Government of Alberta is of the opinion that social services should be transferred to the Dominion, what revenues, if any, is the Province prepared to transfer to the Dominion in order to meet the cost of such services?

21. Does the Government of Alberta approve of the recommendation of the Trades and Labour Congress of Canada that the jurisdiction over labour legislation, such as that concerning industrial disputes, minimum wages, hours of labour and weekly day of rest, should be transferred to the Dominion?

22. What is the view of this Government as to the suggestion advanced by Nova Scotia that there should be Dominion-Provincial conferences regularly convened at

certain dates each year, and with a permanent secretariat for research and to prepare agenda?

23. Is the Government of Alberta of the opinion that Canada should have the same power to legislate with respect to implementing international treaties and conventions under her present status as she had under her former colonial status?

OFFICE OF THE PREMIER

Alberta

Edmonton,
March 30, 1938.

Dear Sir:-

Owing to the fact that the legislature has decided against presenting a brief to the Commission on the grounds already outlined to the Federal Government, we would respectfully suggest to you that it would be inconsistent and contrary to the decree of the legislature to answer the questions you have directed to us.

It is our intention to present a comprehensive brief directly to the Federal Government, a copy of which will be sent to each of the provinces.

Yours truly,

" WILLIAM ABERHART",

Premier.

Hon. Newton W. Rowell, Chairman

Royal Commission on Dominion-Provincial Relations,
Edmonton, Alberta.

THE CHAIRMAN: One of the important questions referred to us by our Commission, and which was also raised in many briefs filed before us, is the increase in the cost of government due to overlapping or duplication of services as between the Dominion and the Provinces. In all the Provinces we have sought, by an examination of the officials in charge of these particular services, to elicit the facts

as to the actual service being carried on by each Government within the Province, so that we might form our own opinion as to whether there was or was not duplication and overlapping of services, causing increased public expenditure. I therefore wrote the Premier some weeks ago, as I had written the Premiers of all the other Provinces, enclosing a list of the subjects in which it was suggested there might be overlapping or duplication of service, and asked if he would be good enough to let me have the names of the deputy ministers or other officials who could give information as to the work being carried on in this province. The Premier replied that in view of the resolution of the Legislature he did not feel justified in furnishing the Commission with the names of such officials. Since my arrival in Edmonton I have renewed the request, pointing out to the Premier that the Commission had the right to summon these officials as witnesses, but that it had no intention of doing so if he had any objection, as it was the desire of the Commission to cooperate with all the Governments concerned rather than to get into conflict with any of them. The Premier replied that in view of the resolution he felt he must object to our subpoenaing the officials. I regret, therefore, that so far as the Province of Alberta is concerned, it has not been possible for us to make the inquiry into overlapping and duplication of services which we have made in other Provinces and which was so strongly stressed in more than one brief submitted to us at our present sitting.

In closing I desire to express to the Government of the Province the appreciation of the Commission for the arrangements made for the hearing: we have found the court room most comfortable and convenient. We also desire to thank the Judges of the Supreme Court for their con-

sideration in placing their library at the disposal of the members of the Commission. We wish to thank, as well, the attendants for their courteous attention. The Alberta sittings of the Commission is now closed.

(The Commission adjourned at 1 p.m. on Saturday, April 2, 1938, to close the Alberta sittings.)

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